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The working poor

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the working poor: people and programs

a statistical profile
prepared by the
national council of welfare

march 1981

national council
of welfare



conseil national
du bien-être social

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T H E W O R K I N G P O O R :
P E O P L E A N D P R O G R A M S

A Statistical Profile Prepared by
the National Council of Welfare

National Council of Welfare
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March 1981



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INTRODUCTION

A decade ago the Special Senate Committee on Poverty chaired by Senator David Croll characterized the working poor as "the most invisible of all" low-income Canadians.¹

Ten years later the situation remains essentially unchanged. Canada's working poor receive virtually no public attention and, with the few exceptions discussed in this report, little help from government. Yet there are over a million men, women and children living in 426,000 working poor households. Close to half of this country's poor work yet remain below the poverty line.

One reason the working poor are ignored is that so little is known about them. This report is intended to help fill the data gap on working Canadians who live in poverty.

The data we use is taken from Statistics Canada's 1974, 1976 and 1978 Surveys of Consumer Finances (with emphasis on the 1978 Survey) and information on incomes pertains to 1973, 1975 and 1977. Some 40,000 individuals and families from across Canada provided information for the 1978 Survey. Since our concern is with those who work or might be expected to work, we have restricted our analysis to people below the usual retirement age (that is, individuals under 65 and families with no member aged 65 or over). They are often referred to as young family units and make up 30,000 of the families in the 1978 Survey of Consumer Finances.² When we speak of families in the report we mean these young family units.

To do an analysis of statistics on the working poor obviously requires a definition of the term. We use "working poor" to mean any economic family³ whose income is below Statistics Canada's revised low-income cutoff⁴ and who earned more than half of that income from wages and salaries or from self-employment. In other words, working poor is a family or single person in poverty who obtained the majority of income from employment. Family

units with incomes below the poverty line who obtained less than half their income from employment have been designated as other poor. Many - though not all - of these families derive much of their income from social assistance ('welfare') programs. Family units with incomes above the poverty line have been denoted as non-poor. When we refer to "income group" in the tables we mean the division of family units into these three categories.

The report is organized into three main sections. The first two chapters present some basic statistics on the working poor - where they live, their age, education and family characteristics, how they earn their income, and so on. The analysis compares the working poor, as a group, both with the poor who do not work (the other poor) and with those who are not poor. Although we focus on the working poor, a good deal of information also is given on the so-called 'welfare poor' who depend on government transfers rather than work for most of their low income.

The middle part of the report looks at trends in poverty over a four-year period. We discuss changes in the number and characteristics of working poor, other poor and near-poor families and single persons. The final section of the report shifts from the working poor to government programs intended to help them. We give a critique of the minimum wage and describe the few federal and provincial income supplementation programs available to working poor families.

The report presents a large number of statistics, most of them in tables. Readers with a general interest in the working poor and poverty trends should read the written text which interprets the tables and the final summary which highlights the major findings. Those wishing to pursue the subject in more depth can consult the many tables which contain more information than the text itself.

VITAL STATISTICS

In 1977 there were 425,800 working poor families and single adults in Canada. They made up 6% of the country's young family units and 47% of those living below the poverty line. Counting heads, spouses, children and live-in relatives together, over a million persons (1,034,000) live in working poor households.

Large as their numbers are, the working poor are outnumbered by families and individuals who get most of their income from sources other than employment. At last count these 'other poor' families and single persons totalled 484,500, or 7% of all young family units in Canada. Over 1.1 million men, women and children live in other poor family units.

Adding the working and other poor together, more than 910,300 young family units fell below the poverty line, representing 14% of all families headed by a person under the age of 65. Over 2.2 million persons - 11% of all non-elderly Canadians - lived in poor households in 1977.

Provinces

Table 1 on the following page shows the number of working poor, other poor and non-poor family units in each province, as well as each province's share of Canada's young family units and working poor households. The two provinces with the largest population - Quebec and Ontario - also account for the majority of working poor family units - 243,400, or 57% of all the working poor. One in every three working poor families lives in Ontario and one in four in Quebec.

Despite their large numbers, working poor families and individuals are actually underrepresented in the central provinces.

T A B L E 1

NUMBER OF YOUNG FAMILY UNITS IN EACH PROVINCE BY INCOME GROUP AND PERCENTAGE DISTRIBUTION AMONG THE PROVINCES - 1977

Province	Working Poor	Other Poor	Non- Poor	Percentage of all young family units in Canada	Percentage of all working poor families in Canada
Newfoundland	9,700	13,600	104,400	2%	2%
Nova Scotia	15,900	19,900	176,800	3	4
New Brunswick	11,000	17,100	144,700	3	3
Quebec	103,000	162,400	1,497,100	26	24
Ontario	140,400	157,500	2,190,300	37	33
Manitoba	25,900	21,200	243,800	4	6
Saskatchewan	21,000	16,900	221,900	4	5
Alberta	45,800	23,700	514,500	9	11
British Columbia	50,500	49,700	677,100	12	12
CANADA	425,800	484,500	5,794,600	100%	100%

Note: The Survey of Consumer Finances does not include the Yukon and Northwest Territories.
Data for Prince Edward Island is not given because the sample size is too small for statistical reliability.

PERCENTAGE DISTRIBUTION OF YOUNG FAMILY UNITS
WITHIN EACH PROVINCE BY INCOME GROUP, AND
PERCENTAGE OF POOR FAMILIES WHO ARE WORKING POOR - 1977

<u>Province</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>All Poor</u>	<u>Non- Poor</u>	<u>Total</u>	<u>Working poor as a percentage of all poor</u>
Newfoundland	8%	10%	18%	82%	100%	42%
Nova Scotia	8	9	17	83	100%	44
New Brunswick	6	10	16	84	100%	39
Quebec	6	9	15	85	100%	39
Ontario	6	6	12	88	100%	47
Manitoba	9	7	16	84	100%	55
Saskatchewan	8	6	15	86	100%	55
Alberta	8	4	12	88	100%	66
British Columbia	7	6	13	87	100%	50
CANADA	6%	7%	14%	86%	100%	47%

Quebec has 26% of all young family units but only 24% of working poor family units, and Ontario's 37% share of Canadian young family units is larger than its 33% portion of the working poor.

On the other hand the working poor are overrepresented in Atlantic Canada. The region's 36,600 working poor families make up 9% of the national total, whereas only 8% of all young family units live east of the Quebec border. The Prairie provinces have a proportionally larger share of the working poor than any other region, with 22% (92,700) of all working poor families and only 17% of all young family units. British Columbia's 50,500 working poor households represent 12% of the national total, the same as the province's share of all families headed by someone 65 or younger.

Table 2 shows the incidence of poverty in each province. Newfoundland has the highest rate of poverty (18%) while Ontario and Alberta have the lowest at 12% each.

Manitoba leads the other provinces in its concentration of working poor families, which represent 9% of its young family units. Five other provinces - Newfoundland, Nova Scotia, Saskatchewan, Alberta and British Columbia - have higher proportions of working poor families than the 6% national average. In New Brunswick, Quebec and Ontario 6% of families are working poor.

Only two provinces - Newfoundland and Nova Scotia - have above-average concentrations of both working poor and other poor families. The others show no uniform pattern in terms of the relative size of their working poor and other poor populations. In New Brunswick and Quebec the rates for other poor families (10% and 9% respectively) are higher than the national average but the incidence of working poor matches the national average of 6%. In Ontario the share of other poor families (6%) is slightly below the 7% national average but the poverty rate for working poor families (6%) is identical to the national norm. Manitoba, on the other

hand, equals the national average for the other poor but, with 9% of its families among the working poor, is substantially above the Canadian average of 6%. The three western-most provinces are above the national rate for working poor families but below the overall average for other poor households.

Perhaps the most revealing statistics are listed in the last column of Table 2, which displays the proportion of low-income people in each province who are working poor. Canada is split in two in terms of its regional concentration of working poor families and individuals. In Atlantic Canada, Quebec and Ontario the working poor make up less than half the low-income population, while the other poor - those who cannot rely on employment earnings as the major source of their income - predominate. New Brunswick and Quebec have the lowest concentration of working poor - at 39% each - while the figures for Newfoundland and Nova Scotia are somewhat higher at 42% and 44% respectively.

In the Prairie provinces and British Columbia, in contrast, the working poor overshadow other poor family units. The proportion of low-income family heads and single persons who work but remain poor in western Canada ranges from 50.4% in British Columbia to two-thirds in Alberta.

Size of Place of Residence

The majority (56%) of Canada's working poor families live in large cities of 100,000 or more inhabitants - exactly the same percentage as non-poor families. Adding in the 13% who live in medium-sized cities (those with a population between 30,000 and 100,000), seven out of every ten working poor families and singles live in urban centers, slightly more than non-poor families (67%). Table 3 gives the figures.

TABLE 3

Percentage Distribution of Family Units
Within Each Income Group According to
the Population of their Area of Residence⁵

<u>Population of Area of Residence</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
100,000 or more	56%	53%	56%
30,000-100,000	13	13	11
15,000- 30,000	7	6	6
1,000- 15,000	8	12	11
Under 1,000 and rural	16	16	16
	<hr/>	<hr/>	<hr/>
TOTAL	100%	100%	100%

The working poor are overrepresented in medium-sized cities (15,000 to 100,000) and substantially underrepresented in larger towns with a population between 1,000 and 15,000. Only 16% of working poor families live in small towns and rural areas. The other poor are distributed much the same as the working poor, except that they are more concentrated in small towns (1,000-15,000 inhabitants) and somewhat underrepresented in the largest cities (53% as opposed to 56% for working poor and non-poor households).

Types of Families

Three types of family unit are discussed in this report: unattached individuals (the statisticians' term for single persons living alone or rooming in a household where they are not related

to the other members); families with children, including both single-parent and two-parent families; and other families (childless couples, couples whose children have moved away from home, a grandparent raising a grandchild, and so on). The following table shows how the three family types are distributed among the income groups.

TABLE 4

Percentage Distribution of Each Type of
Family Unit Among the Income Groups - All Ages

<u>Family Type</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>	<u>Total</u>
Unattached Individuals	13%	13%	74%	100%
Families with Children	5	6	89	100
Other Families	3	4	93	100
ALL FAMILY UNITS	6	7	86	100

Unattached individuals are significantly overrepresented among both low-income groups. One in every four single persons lives in poverty; one in eight is working poor. The risk of working poverty is two and a half times more serious for individuals than for families with children and over four times as great as for other families. The same pattern appears for other poor family units, with unattached individuals outweighing families with children by over two to one and other families by more than three to one.

Families with children, on the other hand, are slightly underrepresented in both low-income groups. Only 5% of families with children number among the working poor and 6% among the other poor.

These results are, at first glance, quite dramatic. However first glances can be deceptive and a glib reading of statistics can gloss over the underlying reality. Taking into account the age of the family head changes the picture considerably as Table 5 demonstrates.

TABLE 5

Percentage Distribution of Each Type of
Family Unit Among the Income Groups - Head
Aged Over 24

<u>Family Type</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>	<u>Total</u>
Unattached Individuals	8%	16%	76%	100%
Families with Children	4	6	90	100
Other Families	3	4	93	100
ALL FAMILY UNITS	5	7	88	100

The overrepresentation of unattached individuals among the working poor is less striking once younger family units (those with heads aged under 25) are excluded. Eight percent of single persons over the age of 24 are working poor, substantially below the 13% rate for individuals of all ages. However unattached individuals over age 24 are even more disproportionately represented in the other poor category than are individuals of all ages. This counterbalances the reduced risk of working poverty for individuals over age 24, so that the chance of being poor is almost as high for single persons over 24 as it is for all age groups together. Families with

children and other families remain slightly underrepresented in each low-income group even when we exclude those under age 25.

Tables 6 and 7 present a similar picture of the effect of age, except that they look at the pattern of family types within each income group. Table 6 presents the findings for family units of all ages.

TABLE 6

Percentage Distribution of Family Units Within Each
Income Group According to Type of Family - All Ages

<u>Family Type</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
Unattached Individuals	49%	42%	21%
Families with Children	42	47	58
Other Families	9	10	21
ALL FAMILY UNITS	<hr/> 100%	<hr/> 100%	<hr/> 100%

Unattached individuals make up 49% of all working poor family units, more than twice their share of non-poor family units. Families with children rank second among the working poor (42%) but are the largest group among other poor (47%) and non-poor (58%) families.

Again, excluding young family units from the analysis changes the results, as shown in Table 7.

TABLE 7

Percentage Distribution of Family Units Within Each
Income Group According to Type of Family - Head
Aged Over 24

<u>Family Type</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
Unattached Individuals	31%	40%	16%
Families with Children	59	49	64
Other Families	10	11	20
ALL FAMILY UNITS	100%	100%	100%

Though the rank order of family types remains the same for the other poor - families with children are the largest group, followed by unattached individuals and other families - families with children increase their share of the working poor from 42% (for all age groups) to 59% (for those over 24), while unattached individuals decline from one in two to less than one in three.

It must be noted, however, that single persons still make up twice as large a slice of the working poor as the non-poor. Many young unattached individuals are only temporarily poor. Those finishing school (particularly if they have some form of post-secondary training or education) and entering the work force start out at the bottom of the job ladder but can look forward to advancement in pay as they gain work experience and promotions. Others are community college or university students living away from home and working only part-time or for part of the year; they fit our definition of working poor (their major source of income is earnings from employment) but are a decidedly special case.

While such young men and women may have an immediate income problem, it is qualitatively different (and far less serious) than that experienced by other young persons whose lack of formal education seriously limits their chance of finding stable jobs with opportunities for career advancement.

Poor Children

In 1977 there were 7 million children in Canada.⁶ Over 901,000 of them (13%) lived in poor families; 389,000 (6%) were in working poor families and 512,200 (7%) in other poor families. Table 8 shows the incidence of poverty for children in different age groups.

TABLE 8

Percentage Distribution of Children
Among the Income Groups, by Age of Child

<u>Age of Child</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>All Poor</u>	<u>Non- Poor</u>	<u>Total</u>
Under 6	7%	7%	14%	86%	100%
6-11	6	8	14	86	100
12-17	4	7	11	89	100
ALL AGES	6	7	13	87	100

The risk of poverty is higher for younger children than for teenagers. Fourteen percent of children under the age of 6 are poor; those in the 6 to 11 year-old group also face one-in-seven odds of living in a low-income family. Only 11% of children aged 12 to 17 are poor. As the first column indicates, the chances of having working poor parents are highest for preschoolers and lowest for adolescents.

Table 9 looks at the number and distribution of children within each income group.

TABLE 9

Number and Percentage Distribution of Children
Within Each Income Group, by Age of Child

<u>Age of Child</u>	<u>Working Poor</u>		<u>Other Poor</u>		<u>Non-Poor</u>	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
Under 6	167,840	43%	181,710	36%	2,117,780	35%
6-11	105,270	27	150,790	29	1,629,130	27
12-17	116,330	30	179,680	35	2,348,510	38
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	389,440	100%	512,180	100%	6,095,420	100%

Children under 6 are the largest age group among the working poor (43%), followed by adolescents (30%) and children between the ages of 6 and 11 (27%). Teenagers lead non-poor families (38%), followed by preschoolers (35%) and children aged 6 to 11 (27%).

Adding together the figures for the working poor and other poor groups, we find that the majority of poor children live in other poor families (512,180 or 57% of all poor children) while working poor families have 389,440 children or 43% of all poor kids. Preschoolers make up 39% of all poor children, followed by adolescents (33%) and children aged 6 to 11 (28%).

Table 10 demonstrates that poor families with children are somewhat larger than their non-poor counterparts. While the latter average two children per family, the working poor and other poor each average 2.3. Moreover 17% of low-income families have four or more children, compared to 15% of non-poor families.

TABLE 10

Size of Families with Children

	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
Average number of children per family	2.3	2.3	2.0
Percentage of families having four or more children	17%	17%	15%

However these differences are relatively small, as is the proportion of large low-income families, and certainly do not support the stereotype of poor families as overrun with children. Moreover the trend analysis in Chapter 3 shows that the size gap between poor and non-poor families with children has narrowed significantly in recent years.

Age of the Family Head

Table 11 explores further the significance of the family head's age in understanding the working poor. The under-25's are strikingly overrepresented among the working poor: 17% were working poor in 1977 - almost three times the 6% rate for all ages.

TABLE 11

Percentage Distribution of Family Heads
by Age Among the Income Groups

<u>Age of Head</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>	<u>Total</u>
Under 25	17%	7%	76%	100%
25-44	5	6	89	100
45-54	4	7	89	100
55-64	4	13	83	100
ALL AGES	6	7	87	100

Family heads and single persons in the oldest age group in our study - the 'near-aged' between 55 and 64 - are highly over-represented among the other poor. Thirteen percent are other poor. Undoubtedly many of these people are widows who are plunged into poverty by the loss of the primary family breadwinner, or unskilled men who find it harder and harder to find and hold jobs in the low-paid, marginal labor market. Both groups find it impossible to obtain most of their income from earnings and must turn to other sources - for many, government assistance - which bring a decline in their living standard.

Table 12 shows the distribution of family heads within each income group according to age.

TABLE 12

Percentage Distribution of Family Units Within
Each Income Group According to the Age of the Family Head

<u>Age of Head</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
Under 25	35%	13%	11%
25-44	42	38	52
45-54	12	20	21
55-64	11	29	16
TOTAL	100%	100%	100%

Over one-third of working poor family heads are under age 25 in contrast to only 13% of the other poor and 11% of non-poor families. On the other hand three in every ten other poor families are headed by someone aged 55 to 64, far higher than the proportion of older working poor (11%) and non-poor (16%) family heads.

Education of the Family Head

Studies typically find a significant relationship between low income and lower educational attainment. Table 13 shows that this link applies only to the other poor, while working poor family heads as a whole closely resemble their non-poor counterparts in level of schooling.

TABLE 13

Percentage Distribution of Family Units
Within Each Income Group According to
the Education Level of the Family Head

<u>Education of Head</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
Less than grade 8	22%	45%	21%
Some high school	17	19	16
Completed high school	24	19	28
Post-secondary training and university	37	17	35
TOTAL	<u>100%</u>	<u>100%</u>	<u>100%</u>

Family heads in the other poor group fit the expected pattern of lower levels of educational achievement. Forty-five percent have less than grade 8 education - twice the proportion

for working poor and non-poor family heads. Only 36% completed high school or took some post-secondary training.

The working poor, in contrast, appear to be a surprisingly well-educated group. Thirty-seven percent have had post-secondary education - two percentage points higher than non-poor family heads. Six in every ten finished high school or enrolled in post-secondary courses. Only 39% had less than a high school diploma, much the same proportion as non-poor family heads.

Age, once again, strongly influences the outcome. Table 14 divides the working poor family unit heads into three age groups.

TABLE 14

Percentage Distribution of Family Units
In the Working Poor Category According
to the Age and Education Level of
the Family Head

<u>Education of Head</u>	<u>A g e o f H e a d</u>		
	<u>Under 25</u>	<u>25-44</u>	<u>45-64</u>
Less than grade 8	4%	23%	48%
Some high school	13	21	17
Completed high school	29	23	20
Post-secondary training and university	54	33	15
TOTAL	<u>100%</u>	<u>100%</u>	<u>100%</u>

The differences are startling. Well over half the under-25 group fell in the highest educational attainment category, 83%

finished high school or followed a post-secondary course and only 17% had less than a completed high school education. In fact the young working poor group is better educated than the comparable non-poor age group; 54% of the young working poor have some post-secondary education or training as opposed to only 38% of the young non-poor.

This seemingly puzzling result is not difficult to explain. As noted earlier, some of the under-25 year-olds are only temporarily poor, especially university and community college students who work part-year or part-time. Since their annual income is likely to be low, they fall below the poverty line. In other words, post-secondary students are disproportionately represented among the working poor, though they are a highly artificial group because their apparent 'poverty' is in effect an investment in educational credentials that will pay off handsomely once they enter the regular work force.

The normal pattern of lower educational attainment for older working poor family heads reappears once the under-25's are excluded. The proportion of family unit heads with post-secondary education drops to one in three for the 25 to 44 age group and one in seven for the 45 to 64 year-olds, while those with less than high school graduation rise from only 17% of the under-25 group to 44% for the 25 to 44 year-olds and 65% for the oldest age group.

The age factor applies to the non-poor as well, but their levels of educational achievement are higher than both low-income groups. Table 15 gives the results for non-poor and other-poor family heads according to their age.

TABLE 15

Percentage Distribution of Family Units
in the Other Poor and Non-Poor Categories
by the Age and Education of the Family Head

<u>Education of Head</u>	<u>A g e o f H e a d</u>					
	<u>Under 25</u>		<u>25-44</u>		<u>45-64</u>	
	<u>Other Poor</u>	<u>Non- Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
Less than grade 8	17%	4%	33%	15%	61%	36%
Some high school	18	15	26	16	15	17
Completed high school	29	43	21	28	15	23
Post-secondary training and university	36	38	20	41	9	24
TOTAL	100%	100%	100%	100%	100%	100%

Only 19% of young non-poor family heads did not finish high school, compared to 17% of young working poor and 35% of young other poor family heads. Three in every ten non-poor family heads aged 25 to 44 have not completed high school, as opposed to four in ten of the working poor and six in ten of the other poor. Over half of the non-poor in the 45 to 64 age group lack a high school diploma, but near-aged heads in both low-income groups are on average even more poorly educated (76% of the other poor and 65% of the working poor).

Sex of the Family Head

The Survey of Consumer Finances lists the male as the head of the family for all childless couples and two-parent families. An analysis based on the sex of the family head, therefore, must be

restricted to a comparison between single men and women, and between female-headed one-parent families and all male-headed families (i.e. one and two-parent). Table 16 looks at unattached individuals, while Table 17 compares families with children.

TABLE 16

Percentage Distribution of Unattached Individuals
Among the Income Groups According to Sex

	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>	<u>Total</u>
Women	15%	16%	69%	100%
Men	11	10	79	100

Single women run a greater risk of poverty than single men. Three in every ten are poor; 15% are working poor, 16% other poor. Among unattached men, however, two of every ten are poor; 11% are working poor, 10% other poor.

TABLE 17

Percentage Distribution of Families with Children
Among the Income Groups According to the
Sex of the Head

	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>	<u>Total</u>
Female-headed one-parent families	10%	36%	54%	100%
All male-headed families with children	4	3	93	100

Women who head families with children are even worse off. Forty-six percent of female single parents are poor; over a third are other poor and 10% figure among the working poor. Male heads of families, in contrast, face a far reduced risk of poverty. Only 4% are working poor and 3% other poor. In other words, women raising a family on their own are more than six times more likely to live in poverty than men heading single-parent and two-parent families.

INCOME AND EMPLOYMENT

The previous chapter looked at the basic demographic characteristics of the working poor in comparison with other poor and non-poor family units. In this chapter we will focus on some important questions concerning the income of the working poor and the nature of their involvement in the labor force. The results indicate that working poor family heads and single persons are heavily committed to the work ethic, in spite of the fact that they are generally saddled with low-paying, often unstable and unrewarding jobs found in the marginal labor market.

Sources of Family Income

A family usually receives income from several different sources. A typical working household gets its main income from wages or salaries, but in addition it normally receives some from government transfer programs (such as family allowances) and perhaps some from investments (bank interest on a savings account, for example).

The major sources of income can be grouped into three categories: earnings from a job; income from self-employment; and other sources (government transfer payments, investments, retirement pensions and so on). Table 18 shows the distribution of families within the income groups according to what proportion receive most of their income from each of these three sources.

TABLE 18

Percentage Distribution of Families
Within Each Income Group According to
Their Major Source of Income

<u>Sources of Income</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
Wages and Salaries	86%	1%	91%
Self-Employment	14	2	5
Other Sources	*	97	4
	<hr/>	<hr/>	<hr/>
TOTAL	100%	100%	100%

* Less than one percent

Since we defined 'working poor' as family units which derive at least half their income from work, it is hardly surprising that families in this category report earnings (whether from wages and salaries or self-employment) as their major source of income. Nor is it unexpected that the other poor report other sources of income (usually government transfer payments such as social assistance and family allowances) most often; in fact the real figure for social assistance is likely higher because the Survey of Consumer Finances under-reports welfare income. What is significant, however, is the unusually high rate of self-employment among the working poor. Fourteen percent of working poor families report self-employment as their major source of income - almost three times the rate for non-poor families.

It is unlikely that factory owners, lawyers, doctors and other such self-employed entrepreneurs and professionals figure prominently among the working poor. As the following section indicates, low-income persons who list self-employed earnings as their main income source include small farmers, fishermen, and woodlot operators, with some artisans and small store operators, who work seasonally and/or for quite low net earnings.

While Table 18 looked only at major source of income, Table 19 shows the proportion of families in the three income groups receiving any income from each source. (The columns do not add up to 100% because each family is counted as many times as it reports income from different sources).

TABLE 19

Percentage of Families by Income Group
Who Reported Any Income From Each Source

Income Source	Working Poor	Other Poor	Non- Poor
Earnings:	%	%	%
Wages and Salaries	90	28	96
Self-Employment	17	4	12
Government Transfers:			
Social Assistance	4	53	3
Family Allowances	39	46	52
Unemployment Insurance	20	18	25
Other government transfers	4	20	7
Other Sources:			
Investment or Retirement Income	20	22	51
Miscellaneous	5	11	7

Work is far and away the most frequently reported source of income for the working poor and non-poor (90% and 96% respectively). Income from self-employment is listed by 17% of working poor families, substantially above the 12% for non-poor families and 4% for the other poor.

A negligible proportion (4%) of working poor families report any income from social assistance. Since the Survey of Consumer Finances under-reports social assistance benefits, this figure should be taken as an approximation only. However it does show that welfare is an income source for only a small minority of working poor families. The vast majority are either not eligible, or choose not to apply, for such benefits.

The working poor are less likely than the non-poor to receive either family allowances or unemployment insurance. The family allowance figures can be explained by the respective percentage of families in each group with dependent children.⁷ As we saw earlier, the working poor have a lower proportion of families with dependent children (42%) than the other poor (47%) and non-poor (58%)

The unemployment insurance figures are more striking. One might expect the working poor to receive these benefits more often than the non-poor but, as Table 19 indicated, they do not: only 20% of working poor families receive any unemployment insurance benefits compared to 25% of the non-poor.

Three factors should be taken into account in interpreting these results. First, since 14% of the working poor derive most of their income from self-employment, some are not eligible for benefits from unemployment insurance (which generally excludes the self-employed from its coverage). Among the non-poor, on the other hand, only 5% list self-employment as their major income source, so a larger proportion are eligible for benefits. Moreover, as we shall see later, a larger proportion (albeit a minority) of working poor

family heads and spouses work part-time or are not in the labor force, both of which could limit their eligibility for unemployment insurance benefits. Finally, non-poor families are more likely to have more than one wage-earner (see Table 20); among these families, there is probably a large number of additional earners (spouses or older children) receiving unemployment insurance, while among the working poor the beneficiary is more likely to be the family head.

As expected, the other poor rely heavily on government sources for their income. Fifty-three percent report income from social assistance; however, as we explained earlier, the true figure is likely higher. Family allowances go to 46% of other poor families, 20% report 'other government transfers' (such as Canada Pension Plan survivors' benefits), and 18% receive unemployment insurance payments. Only 28% derive income from wages and salaries and 4% list any earnings from self-employment.

Level of Income

Working poor families' incomes are low. In 1977 their total income averaged only \$4,000, and earnings from employment only \$3,400. As a point of comparison, the 1977 poverty line for a family of three in a medium-sized community was \$7,473. The average income for all family units (poor and non-poor) in 1977 was \$16,764, or four times that of the working poor. The disproportionate share among the working poor of young unattached individuals with low earnings and incomes probably accounts in part for their low average income.

Types of Occupations

The occupational categories used in the Survey of Consumer Finances are too broad to permit anything more than a few observations

about the kinds of jobs performed by the working poor. However the results substantiate the National Council of Welfare's report Jobs and Poverty (1977) which argued that the working poor are largely confined to a 'marginal labor market' characterized by low pay, limited opportunities for advancement, and often unstable jobs and enterprises.

Eighteen percent of the heads of working poor families are employed in service jobs (such as restaurants, laundries, and hotels) over twice the proportion (8%) of non-poor family heads. Farming and fishing occupy 11% of working poor family heads, again more than double the rate for non-poor heads. Clerical jobs are also overrepresented among the working poor. All in all, 53% of working poor family heads were employed in service, sales, farming, fishing, or clerical jobs. These occupations are disproportionately represented in the marginal labor market.

Occupations are distributed differently between male and female family heads. Thirty-two percent of women heading working poor families hold clerical jobs, compared to only 5% of their male counterparts, and 27% work in service occupations as opposed to 13% of male working poor family heads. Farming and fishing is the largest single occupational category reported by working poor men.

Number of Earners in the Family

The number of wage-earners in a family obviously affects its income. Being able to count on two paycheques can make the difference between poverty and a comfortable income for families whose members earn modest wages. Table 20 gives the distribution of two-parent families within each income group according to the number of earners.

TABLE 20

Percentage Distribution of Two-Parent Families
Within Each Income Group by Number of Earners

<u>Number of Earners</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
None	0%	41%	*
One	68	42	31
Two or more	32	17	69
TOTAL	100%	100%	100%

* Less than one percent

Seven in ten non-poor households have two or more earners contributing to the family income. For the working poor, in sharp contrast, seven in ten have only one earner and only 32% two or more earners.

It may seem hard to believe that a two-earner family could fall below the poverty line, particularly since (as we shall see later), the combination of two minimum-wage incomes exceeds the poverty line everywhere in Canada. Some of our other information on the characteristics of working poor families offers possible explanations for this apparent anomaly. The next section shows that the working poor face a greater risk of unemployment than the non-poor, and more working poor heads and their spouses work in part-time or seasonal jobs. Moreover low-income families with children are larger, on average, than non-poor families, and 17% of working poor parents have more than four children. Given the insufficiency of day care facilities, it is no surprise that a great many working poor wives must work at home raising children and forego a paying job in the labor market.

Support for the latter argument comes from a comparison of the number of earners in two-parent families as opposed to childless couples. Whereas only 32% of two-parent working poor families have two or more earners, the proportion rises to 43% for childless couples in the same income category, clearly reflecting the effect of child-care responsibilities. It is interesting to note, however, that a far larger proportion (69%) of childless couples in the non-poor category have more than one earner.

Work Patterns

Some working poor families fall below the poverty line primarily because of low wages, particularly those in which several members depend on a single paycheck. There are others, however, who may earn reasonable wages but end up with low annual earnings because they do not work year-round. Table 21, which shows the labor force status of family heads in the three income groups, sheds some light on this issue.

TABLE 21

Labor Force Status of Family Heads
Within Each Income Group

	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
Employed	65%	20%	88%
Unemployed	12	11	5
Not in the labor force	23	69	7
TOTAL	<u>100%</u>	<u>100%</u>	<u>100%</u>

In the week in which the Survey of Consumer Finances was conducted (in April 1978) just under two-thirds of working poor family heads held a job - substantially below the 88% figure for the non-poor. Twelve percent were unemployed - two and a half times the jobless rate for non-poor family heads - and 23% were not in the labor force. The 12% unemployment rate for the working poor is actually unrealistically low, since it excludes 'discouraged workers' who have given up actively searching for a job or are waiting for better weather to improve job prospects.

Table 22 compares the labor force status of male and female family heads within each income group. Fewer female heads of working poor families are employed than men (59% as opposed to 68%) and a far larger proportion are counted as not in the labor force. The differences between male and female family heads in the non-poor category are similar.

TABLE 22

Labor Force Status of Family Heads
Within Each Income Group by Sex of Head

	<u>Working Poor</u>		<u>Other Poor</u>		<u>Non- Poor</u>	
	<u>male</u>	<u>female</u>	<u>male</u>	<u>female</u>	<u>male</u>	<u>female</u>
Employed	68%	59%	27%	13%	89%	81%
Unemployed	13	10	16	7	6	4
Not in the labor force	19	31	57	79	6	16
TOTAL	100%	100%	100%	100%	100%	100%

Whereas Tables 21 and 22 present a snapshot of the labor force situation of family heads in the three income groups at one point in time, Table 23 gives a more realistic picture of their work experience over the course of the entire year.

TABLE 23

Percentage Distribution of Family Units
Within Each Income Group According to the
Number of Weeks Worked per Year by the Head

<u>Weeks Worked</u>	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
50 or more	40%	10%	80%
26-49	23	7	11
14-25	18	5	3
1-13	14	10	2
Zero	5	68	4
TOTAL	100%	100%	100%

Clearly the working poor are strongly attached to the work force. Only 5% did not work for any part of the year, virtually the same as the figure (4%) for the non-poor.

However the working poor's participation in the work force is less stable and secure than that of non-poor workers. While 80% of non-poor family unit heads work the full year, only half that percentage of working poor family heads work year-round. In other words, only 40% of the working poor are full-year workers with low earnings and/or several dependents. The other 60% work less than full-year - three times the comparable figure for non-poor families.

As expected, the other poor have a much more tenuous link to the labor force. Two in three other poor family heads are not in the labor force. The 10% who report working full-year could only be persons working a few hours a week or those with a very poor recollection of their annual earnings.

Another factor that influences a family's income is whether earners work mostly full-time or part-time. Table 21 shows, for family heads and spouses who work, the percentage who work mostly full-time. The data for spouses is limited to two-parent families.

TABLE 24

Among Heads and Spouses Who Worked
Percentage Who Worked Mostly Full-time

	<u>Working Poor</u>	<u>Non- Poor</u>
Heads	88%	97%
Spouses (two-parent families only)	55	67

The majority of heads of working poor families work mostly full-time, but the figure for non-poor family heads is fully 9 percentage points higher (88% and 97% respectively). Just over half of employed spouses in working poor families have full-time jobs, whereas two-thirds of employed spouses in the non-poor category work on a full-time basis. Obviously fewer two-earner families would find themselves below the poverty line if more full-time jobs were available for working women.

Housing

Thirty-four percent of working poor and 32% of other poor families own their own home. In contrast the ownership rate

for non-poor families (63%) is almost double that of low-income families. The following table gives the results.

TABLE 25

Percentage Distribution of Renters and Homeowners
Within Each Income Group

	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
Renters	66%	68%	37%
Owners	34	32	63
TOTAL	100%	100%	100%

The proportion of families in different income groups who own or rent their accommodation varies considerably from region to region. Table 26 on the following page summarizes the results.

Homeownership among both low-income and non-poor families is highest in Atlantic Canada. Seventy-three percent of non-poor families own their own homes. The proportions of home-owning low-income households - 41% working poor and 55% other poor - may seem unusually high. However these figures probably reflect the higher rate of owner-occupied homes in rural areas and small towns; the 45% of other poor families in the Prairies who own their own homes are likely also rural dwellers.

Outside of the Atlantic provinces, about one third of working poor families own rather than rent. Working poor families in Ontario and Quebec are least likely to own their own homes (32% and 33% respectively), undoubtedly a reflection of the high concentration of working poor families in cities and metropolitan centers where their chances of owning are slim. The proportions of other

TABLE 26

Percentage Distribution of Renters and Homeowners
Within Each Income Group by Region

	<u>Working Poor</u>	<u>Other Poor</u>	<u>Non- Poor</u>
<u>Atlantic</u>			
Renters	59%	45%	27%
Owners	41	55	73
TOTAL	100%	100%	100%
<hr/>			
<u>Quebec</u>			
Renters	67%	80%	45%
Owners	33	20	55
TOTAL	100%	100%	100%
<hr/>			
<u>Ontario</u>			
Renters	68%	68%	35%
Owners	32	32	65
TOTAL	100%	100%	100%
<hr/>			
<u>Prairies</u>			
Renters	65%	55%	34%
Owners	35	45	66
TOTAL	100%	100%	100%
<hr/>			
<u>British Columbia</u>			
Renters	65%	64%	37%
Owners	35	36	63
TOTAL	100%	100%	100%

poor families outside of Atlantic Canada who own their homes vary more widely - from 20% in Quebec to 45% in the Prairie provinces.

Age significantly affects a family's likelihood of owning or renting its accommodation, as the following table demonstrates.

TABLE 27

Percentage Distribution of Renters and Homeowners
Within Each Income Group by Age of Family Head

	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	<u>Under 25</u>	<u>25-44</u>	<u>45-64</u>	<u>Under 25</u>	<u>25-44</u>	<u>45-64</u>	<u>Under 25</u>	<u>25-44</u>	<u>45-64</u>
Renters	96%	57%	37%	88%	76%	56%	84%	37%	23%
Owners	<u>4</u>	<u>43</u>	<u>63</u>	<u>12</u>	<u>24</u>	<u>44</u>	<u>16</u>	<u>63</u>	<u>77</u>
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

Only 16% of non-poor family heads under age 25 own their homes, but this figure is four times the homeownership rate for young working poor family heads. However the homeownership gap between working poor and non-poor family units narrows with increasing age: 43% of working poor families headed by someone aged 25 to 44 own their homes compared to 63% for non-poor families in the same age group, while 63% of working poor heads aged 45 to 64 and 77% of their non-poor counterparts are homeowners.

THE CHANGING FACE OF POVERTY

The National Council of Welfare's first statistical portrait of the working poor was based on data collected in the 1974 Survey of Consumer Finances, which recorded income data for 1973. The information in the present report comes from the 1978 Survey of Consumer Finances, with income data for 1977. In order to make some observations about changes in the size and composition of Canada's low-income population over the years, an analysis also was performed of the 1976 Survey of Consumer Finances and its 1975 income statistics.

The tables interpreted in this section contain three times as much data as those in the previous chapters. Because each takes up a full page, the tables are presented at the end of this chapter (pp. 51 to 77).

The poor and the near-poor: persistent inequality

The working poor have declined steadily over the years both in absolute and relative terms. Table 28 (p.51) summarizes the findings. In 1973 there were 513,400 working poor families headed by persons under the age of 65, representing 9% of all young family units in Canada. In 1975 those figures dropped to 440,900 and 7% of the population. By 1977 there were 425,800 working poor families, constituting 6% of the population.

Between 1973 and 1977 the number of working poor families and single people fell by 87,600. This represents a substantial 28% drop in working poor families' share of the overall population.

But this is only one side of the coin. The other poor - low-income families who derive less than half their income from work - have not diminished over time. In fact quite the opposite

has occurred: the number of other poor families rose from 340,900 in 1973 to 432,100 in 1975 and 484,500 in 1977. So too have they increased their share of the overall population - from just under 6% (5.9%) in 1973 to more than 7% (7.2%) in 1977. All in all, the number of other poor family units increased by 143,600 and their relative share of the population went up by 23%.

The poverty problem did not diminish during the period under study; instead its complexion changed. Table 29 (p. 52) shows that in 1973 poor families headed by a man or woman under 65 years old numbered 854,300 or 15% of all young family units; 60% (513,400) were working poor and the other 40% (340,900) were other poor. By 1977 the number of poor families had increased to 910,300 or 14% of young family units; however now only 47% (425,800) were working poor, while the majority (53% or 484,500) were other poor.

Throughout this report we have used Statistics Canada's 'revised low-income cutoffs' as poverty lines. However there are other definitions of poverty which use somewhat higher income cutoffs to distinguish poor from non-poor households. We have adopted the Senate Committee on Poverty's poverty lines to arrive at a measure of 'near-poor' family units.⁸ Adding together the figures for poor and near-poor families and individuals, we can produce an estimate of the size of Canada's 'lower-income' population and its evolution over time. Table 30 (p.53) shows the trends.

In 1973 there were 249,000 near-poor young family units in Canada, representing 4% of the population. By 1977 there were 353,600 near-poor families and single persons, or 5% of all family heads under the age of 65. Moreover the near-poor have increased their number more substantially than the poor: the latter increased by 56,000 family units from 1973 to 1977 (a 7% increase), but the near-poor rose by 104,600 (a sizeable 42% increase).

Canada's total lower-income population - i.e. poor and near-poor families and unattached individuals added together - has

grown steadily. Table 30 shows that in 1973 there were over 1.1 million lower-income family units, and by 1977 that figure exceeded 1.2 million. One in every five families and single persons were poor or near-poor during this period. (It must be emphasized that our study excludes family heads and single persons aged 65 and older who face much higher risks of poverty; if included, their numbers would swell the ranks of lower-income families considerably).

Provinces

Tables 28 and 31 present the statistical trends in each province. Table 28 (p.51) gives the number of working poor, other poor and non-poor families, while Table 31 shows trends in their relative shares of the population.

Consistent with the national trend, the number of working poor families and their relative size decreased in almost all the provinces. The only exception is British Columbia, where the working poor actually increased in numbers from 41,400 in 1973 to 50,500 in 1977 and their share of the province's population of young family units went up from 6% to 7% during the four years under study. Conversely, the number of other poor family units rose everywhere except Alberta which had more in 1973 (24,900) than in 1977 (23,700).

Table 32 (p.55) presents data on each province's share of Canada's young family units and working poor. Some changes have occurred in the concentration of working poor families but for the most part they are not dramatic.

Working poor families and single persons consistently were overrepresented in the Prairie provinces during the period under analysis. Their degree of over-concentration in Atlantic Canada declined somewhat over the years; by 1977 only Nova Scotia had a larger share of working poor families than all young family units. The opposite trend occurred in British Columbia, where working poor

families were underrepresented in 1973 but equal to that province's share of all young family units by 1977. The working poor remained underrepresented in Ontario, but in Quebec their over-concentration in 1973 had given way to under-concentration by 1977.

Table 33 (p.56) looks at shifts in the relative size of each province's poverty population over time, as well as changes in working poor families' share of all poor families in each province. In most cases poor families (i.e. both working poor and other poor) decreased as a percentage of all young family units; the exceptions are Ontario, where they constituted 12% of all households both in 1973 and 1977 and British Columbia, where the poverty population increased by two percentage points. In nine provinces working poor families and individuals saw their share of all poor households decrease, while of course other poor families became a more prominent group. Alberta is the only province where the working poor slightly increased their share of the poverty population (from 65% in 1973 to 66% in 1977).

Tables 34 and 35 (pp.57-58) present provincial trends in the number and proportion of poor and near-poor family units. Everywhere in Canada the number of lower-income families (i.e. poor and near-poor together) increased between 1973 and 1977, with two exceptions: in Newfoundland their numbers declined from 35,900 in 1973 to 32,700, while Quebec experienced a smaller relative decline from 371,800 in 1973 to 368,100 in 1977.

As noted earlier, all provinces save British Columbia and Ontario experienced a decline in the percentage of young family units below the poverty line. On the other hand most provinces saw an increase in their share of near-poor families and single persons; in Newfoundland, Quebec and Manitoba the percentages were the same in 1977 as in 1973, and New Brunswick underwent a small decline of one percentage point (from 7% in 1973 to 6% in 1977) in its proportion of near-poor households.

Lower-income families and unattached individuals have remained a sizeable portion of each province's population over the years. However the differences among the provinces lessened somewhat over time. In 1973 one-third of Newfoundland's young family units were lower-income, while British Columbia's proportion was Canada's smallest at 14%. By 1977 the range of variation had narrowed from a high of 26% (in Newfoundland and Prince Edward Island) to a low of 17% (in Ontario, Alberta and British Columbia).

Lower-income families (poor and near poor together) declined as a percentage of most provinces' population, with the exception of Nova Scotia (where they held their 24% share) and Ontario and British Columbia (where they increased by two and three percentage points respectively). However the rank order of provinces did not change much over the years; Newfoundland still had the highest concentration of lower-income family units in 1977 and British Columbia the least (though it was joined by Alberta and Ontario in 1977). Poverty remained most prominent in Atlantic Canada and Saskatchewan and least prevalent in Ontario, Alberta and British Columbia.

Size of Place of Residence

Table 36 (p.59) extends the 1977 analysis presented in Table 3 back in time to include the years 1975 and 1973. Clearly poor Canadians - especially the working poor - have become more urban and less rural over the years. Fifty-nine percent of working poor families lived in large and medium-sized cities in 1973 compared to 65% of other poor families. By 1977 low-income families had largely closed the gap with the majority of Canadian families. In fact working poor families are now the most highly urbanized of all three income groups, with 69% living in larger centers as opposed to 67% of non-poor families and 66% of the other poor.

Conversely the concentration of poor families in small towns and rural areas has declined considerably. In 1973 35% of

working poor and 34% of other poor families lived in sparsely populated localities. By 1977 those figures had diminished to 24% and 28% respectively, whereas the percentage of non-poor families in small towns and rural Canada declined only slightly (from 28% in 1973 to 27% in 1977).

Types of Families

Single persons run a greater risk of poverty than families with children and childless couples. This risk has persisted over time (26% of unattached individuals were poor in 1973 and 1977). Table 37 (p.60) shows the trends.

What have changed, however, are single persons' odds of falling into each of the two low-income groups. In 1973 16% of single people were working poor, while only 10% were other poor. By 1977 the incidence of working poverty among singles had fallen to 13%, but their rate of other poverty had increased from 10% to 13%.

The risk of poverty for families with children has lessened somewhat over the years. In 1973 13% of families with children lived below the poverty line (8% were working poor, 5% other poor). By 1977 only 11% of families with children were poor, though it must be noted that their chances of numbering among the other poor actually increased slightly over time (from 5% in 1973 to 6% in 1977).

Table 38 confines the analysis to families whose heads are aged 25 or older. Naturally the exact figures differ from Table 37, but the overall pattern of changes and differences among the three income categories is the same as for family heads of all ages. Again, unattached individuals 25 and older faced a lesser risk of working poverty in 1977 than in 1973, but their chances of falling in the other poor group increased over time.

Table 39 compares the results of Table 6 with earlier years. Unattached individuals have become increasingly overrepresented among the working poor (from 40% in 1973 to 49% in 1977) and now are the predominant family type. They have also grown within the other poor category (36% in 1973, 42% in 1977) although families with children are still the predominant group (53% of other poor family units in 1973, 47% in 1977). Unattached individuals also have increased their share of non-poor families, though at a lesser rate. All in all single people now make up 24% of the Canadian population, up from 21.7% in 1973.

Families with children are a receding group in the Canadian population: their share went down from 59.2% in 1973 to 56.7% in 1977. Both low-income groups witnessed a larger decline in their share of families with children (from 51% to 42% for the working poor and 53% to 47% for the other poor) than did the non-poor.

Table 40 (p.63) presents the trends for families whose heads are over 24 years old. Again, single persons have increased their share of all income groups and particularly the working poor and other poor. The proportion of families with children has decreased in each income group, though they are still the predominant family type.

Poor Children

Table 41 shows trends in the number and distribution of children among the income groups. The total number of Canada's children declined from 7,024,800 in 1973 to 6,997,000 in 1977. In 1973 16% of all children - 1.1 million - lived in poverty; in 1977 13% - just under 902,000 - were poor. However the percentage decline occurred between 1973 and 1975 and was not repeated in 1977; we will have to await the results of the 1980 Survey of Consumer Finances to see if the incidence of poverty among children has changed.

In 1973 more poor children lived in working poor families than other poor families (675,600 and 455,500 children, respectively). In 1975 the situation reversed, with only 46% of low-income children living in working poor families. In 1977 there were 389,400 children in working poor families, representing 43% of all poor children.

Table 42 is particularly revealing. It shows that the classic stereotype of low-income families - that they are substantially larger than average - has become increasingly groundless in recent years. In 1973 poor families with children were somewhat larger than their non-poor counterparts (an average of 2.6 children for working poor families, 2.5 for other poor families, and 2.0 for non-poor families). However the average size of poor families has declined steadily since and - at 2.3 children per family in 1977 - was only modestly higher than the 2.0 average for non-poor families.

Large families are not the norm for low-income households. In 1973 24% of working poor families and 24% of other poor families had four or more children, as compared to only 12% of non-poor families. Since then some interesting developments have occurred. The proportions of working poor and other poor families with four or more children have declined to 17% each, while the rate of large families among the non-poor actually increased to 15% in 1977. The size difference between poor and non-poor families is fast disappearing.

Age of the Family Head

Table 43 shows that the chances of being working poor have declined for all age groups, though the relative risks have remained the same over the period under study: highest for family heads and single persons under age 25, lowest for those over 45. In line with our general findings about changes in the size of the working poor and other poor groups, the chance of falling in the other poor category has increased for all age groups, in particular those under

age 44. The near-aged (55-64) remain the highest-risk age group: 13% of Canadians in this age group are poor and depend on sources of income other than employment earnings.

Table 44 presents trend data for the distribution of family heads of different ages within each income group. There are only two noteworthy developments. Young family heads (under 25) are a larger group within both the working poor (30% in 1973 to 35% in 1977) and other poor (7% in 1973 to 13% in 1977). In addition, older family heads (those aged 55 to 64) have declined from 35% to 29% of other poor households - largely because of the increased concentration of young family heads. However the rank order of age categories within each income group did not change from 1973 to 1977; those aged 25 to 44 led each income group during the entire period.

Education of Head

The Canadian population became substantially better educated in the years under study. In general larger relative gains were made by low-income family heads, which means that the educational gap between poor and non-poor - traditionally one of the major distinguishing characteristics - has been narrowing steadily in recent years. Table 45 (p.68) displays the results.

In 1973 64% of working poor family heads and 83% of other poor family heads had not graduated from high school; by 1977 those figures had dropped to 39% and 64% respectively. The proportion of working poor family heads with high school or post-secondary education increased by a whopping 70% (from 36% in 1973 to 61% in 1977). In 1973 only 17% of other poor family heads were high school graduates or had some post-secondary schooling; by 1977 that figure had more than doubled to 36%. The proportion of non-poor family heads in the two highest educational categories also rose (from 46% in 1973 to 63% in 1977) but their relative increase was not as dramatic as for both low-income groups.

Table 46 refines Table 45 by breaking down educational attainment according to the age of family head (only data for the working poor is shown). The same general trends appear - an increase in the proportion of better-educated family heads and a declining percentage of those with lower levels of schooling - for each age group. As one would expect, overall levels of educational attainment are highest for young family heads and lowest for near-aged heads.

Sex of the Family Head

No progress was made in reducing the risk of poverty for single persons during the period under study. In 1973 32% of single women and 20% of unattached men were poor; in 1977 the figures were 31% and 21% respectively. Nor has there been any improvement in the position of women vis-à-vis men: single women still face a 50% greater risk of poverty than men. Table 47 (p.70) gives the trends.

What has changed, however, is the kind of poverty which threatens single persons in general and women in particular. In 1973 unattached individuals of both sexes faced a greater risk of being working poor rather than other poor. The balance has shifted in recent years, so that other poverty is becoming a greater likelihood than working poverty for single Canadians. Single persons' risks of becoming working poor and other poor are roughly equal, but the trend appears to be towards a higher rate of other poverty for both sexes.

Shifting from single persons to parents, Table 48 compares the poverty rates for women and men who head families with children. The risk of poverty for female single parents has decreased somewhat (from 49% in 1973 to 46% in 1977) but remains remarkably high. The likelihood of poverty for families headed by men was low in 1973 (10%) and lower still in 1977 (7%). The poverty gap between male

and female-headed families with children actually has increased over the years: female single parents outnumbered male parents by slightly under five to one in 1973 and by over six to one in 1977.

The chances of a woman with dependent children being working poor decreased slightly between 1973 (12%) and 1975 (10%) but did not improve between 1975 and 1977; the odds of her landing in the other poor category were about the same in 1977 as 1973 and very high (more than one in three). Male-headed families with children are less likely to figure among the working poor (7% in 1973, 4% in 1977); their chances of being other poor are slim (3%) and unchanged over time.

Sources of Income

Table 49 presents trend data on major sources of income within each income group. There were no significant changes during the period under study: employment earnings are the primary source of income for working poor and non-poor families; a larger proportion of working poor families are self-employed than any other income category; and non-employment sources are the major form of income for virtually all other poor families.

Table 50 shows the percentage of families in each income category reporting any income from the various sources. With a few exceptions, no major shifts occurred. A larger percentage (12%) of non-poor families reported some income from self-employment than in 1973 (10%) but they remain a small proportion. The proportions of working poor and other poor families with income from family allowances have declined (48% in 1973 to 39% in 1977 for the working poor, 50% in 1973 to 46% in 1977 for the other poor) but these figures can be explained by the declining percentage of low-income families with children.

Unemployment insurance payments have increased in coverage among all income groups. In 1973 15% of working poor, 12% of other poor and 19% of non-poor families reported unemployment insurance benefits, but by 1977 these figures had increased to 20%, 18% and 25% respectively. However non-poor families outnumbered low-income families in their use of unemployment insurance during the entire period - and the gap has remained the same.

Earnings and Incomes

Between 1973 and 1977, the average employment earnings of working poor families increased by 20% from \$2,830 to \$3,406. Once the erosive impact of inflation on the value of the dollar is taken into account, however, the picture darkens considerably. The cost of living went up by 43% from 1973 to 1977, so that the average earnings of working poor family units actually decreased in value by 16%.

If the earnings of working poor families failed to keep pace with inflation, they fell even further behind the earnings gains enjoyed by the majority of working Canadians. Average wages went up by 56% between 1973 and 1977 - almost three times the increase in working poor earnings. In real terms average wages rose by 9% during the four-year period, in contrast to the 16% decline in the value of working poor earnings.

The other striking fact is how low working poor earnings are compared with average earnings of all employees. In 1977 the average working poor family unit brought in \$3,406 in earnings, which represents only 26% of the average earnings of all paid workers (and it must be kept in mind that the latter refer to individual earners whereas the former count earnings of all working poor family members). Moreover the gap has increased over the years. The 1977 ratio of 26% compares unfavourably with the 1973 figure of 34%.

Working poor families' total income - income from work, government transfers and other sources - also has lagged further and further behind the national average. In 1973 the average working poor family unit lived on \$3,160, or 30% of the average income of all families and unattached individuals. By 1977 the average income for the working poor had increased to \$3,979, but this represented only 24% of the average income of all family units. As with earnings, the incomes of working poor families failed to keep up with the cost of living; the former rose by 26% but the latter by 43%, so the net result was a 12% decline in working poor families' average income between 1973 and 1977.

Types of Occupations

The occupational distribution of poor and non-poor families is not presented in tabular form because of the generality of the occupational categories used in the Survey of Consumer Finances and the large proportion of 'other' (i.e. unspecified) occupations in each income group. Other than a sizeable increase in the proportion of working poor families headed by clerical workers (from 9% in 1973 to 15% in 1977), the picture remains relatively unchanged: the working poor are highly overrepresented in occupations typical of the marginal labor market (clerical, sales, services, and small farming and fishing operations). In fact the proportion of working poor heads employed in these traditionally low-paying occupations increased somewhat from 46% in 1973 to 53% in 1977.

Number of Earners

Table 51 presents trend data on the number of earners in two-parent families. Only a minority of working poor families have more than one earner; the proportion increased slightly from 30% in 1973 to 32% in 1977. A more sizeable change occurred among non-poor

family units, which increased their share of multiple earners from 63% in 1973 to 69% in 1977.

Work Patterns

Table 52 looks at the labor force status of family heads in each income group over time (or, more accurately, at three points in time - the week in April in which the Survey of Consumer Finances was conducted in 1974, 1976 and 1978). These three snapshots indicate a gloomier picture for the working poor in recent years: the proportion employed during the survey week declined from 76% in 1974 to 65% in 1978, while the percentage officially unemployed and 'not in the labor force' (a category which includes many discouraged and seasonal workers) increased from 24% in 1974 to 35% in 1978.

Table 53 (p.76) provides a more thorough analysis because it recounts the employment experience of family heads over the whole of the previous year. Employment stability among working poor families (as measured by number of weeks worked) has deteriorated over time. In 1973 46% of working poor family heads and unattached individuals worked all year; in 1977 only 40% did so. Moreover the proportion working 25 weeks a year or less increased substantially from 30% in 1973 to 37% in 1977. Non-poor families have retained their favoured employment status: eight in ten are headed by a man or woman working year-round.

For family heads able to find work, however, the situation has not changed, as Table 54 indicates. A high percentage of employed working poor and non-poor household heads work mostly full-time, though of course this does not mean that they necessarily work full-year. Among spouses who work, the situation has improved somewhat: 49% of working poor spouses with jobs worked mainly full-time in 1973 and 55% by 1977. However spouses in non-poor households were more likely than their working poor counterparts to work full-time (64% in 1973 rising to more than two in every three by 1977).

NUMBER OF YOUNG FAMILY UNITS IN EACH PROVINCE
BY INCOME GROUP, SELECTED YEARS

<u>Province</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
Newfoundland	14,700	10,330	9,700	13,300	16,200	13,600	81,400	97,000	104,400
Nova Scotia	19,000	13,600	15,900	13,000	16,600	19,900	150,700	169,000	176,800
New Brunswick	15,100	10,900	11,000	12,700	14,100	17,100	123,600	134,600	144,700
Quebec	158,700	125,900	103,000	117,200	147,400	162,400	1,320,000	1,436,500	1,497,100
Ontario	152,600	144,000	140,400	98,300	125,500	157,500	1,898,000	2,068,600	2,190,300
Manitoba	28,500	25,800	25,900	17,500	16,100	21,200	207,500	229,500	243,800
Saskatchewan	32,000	25,000	21,000	11,900	12,000	16,900	173,200	200,600	221,900
Alberta	46,800	37,500	45,800	24,900	32,400	23,700	362,000	430,200	514,500
British Columbia	41,400	45,900	50,500	31,000	49,900	49,700	592,100	659,000	677,100
CANADA	513,400	440,900	425,800	340,900	432,100	484,500	4,926,800	5,445,800	5,794,600
Share of total population	9%	7%	6%	6%	7%	7%	85%	86%	86%

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NUMBER AND PERCENTAGE COMPOSITION OF
POOR YOUNG FAMILY UNITS, SELECTED YEARS

	<u>1973</u>		<u>1975</u>		<u>1977</u>	
	Number	Percent	Number	Percent	Number	Percent
Working Poor	513,400	60%	440,900	51%	425,800	47%
Other Poor	340,900	40	432,100	49	484,500	53
All Poor	854,300	100%	873,000	100%	910,300	100%

POOR AND NEAR-POOR YOUNG FAMILY UNITS AS A PERCENTAGE
OF ALL YOUNG FAMILY UNITS, SELECTED YEARS

	<u>1973</u>		<u>1975</u>		<u>1977</u>	
	Number	Percent	Number	Percent	Number	Percent
Poor	854,300	15%	873,000	14%	910,300	14%
Near-Poor	249,000	4	329,800	5	353,600	5
Lower-income*	1,103,400	19	1,202,800	19	1,263,900	19

* i.e. poor and near-poor young family units together

PERCENTAGE DISTRIBUTION OF YOUNG FAMILY UNITS
WITHIN EACH PROVINCE BY INCOME GROUP, SELECTED YEARS

<u>Province</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>			<u>Total</u>
	1973	1975	1977	1973	1975	1977	1973	1975	1977	
Newfoundland	13%	8%	8%	12%	13%	10%	74%	79%	82%	100%
Nova Scotia	10	7	8	7	8	9	83	85	83	100
New Brunswick	10	7	6	8	9	10	82	84	84	100
Quebec	10	7	6	7	9	9	83	84	85	100
Ontario	7	6	6	5	5	6	88	89	88	100
Manitoba	11	10	9	7	6	7	82	84	84	100
Saskatchewan	15	11	8	5	5	6	80	84	87	100
Alberta	11	8	8	6	6	4	83	86	88	100
British Columbia	6	6	7	5	7	6	89	87	87	100
CANADA	9	7	6	6	7	7	85	86	86	100

PERCENTAGE DISTRIBUTION OF YOUNG FAMILY UNITS
AND WORKING POOR FAMILIES AMONG THE PROVINCES, SELECTED YEARS

Province	Percentage of all young family units in Canada			Percentage of all working poor families in Canada		
	1973	1975	1977	1973	1975	1977
Newfoundland	2%	2%	2%	3%	2%	2%
Nova Scotia	3	3	3	4	3	4
New Brunswick	3	3	3	3	2	3
Quebec	28	27	26	31	29	24
Ontario	37	37	37	30	33	33
Manitoba	4	4	4	6	6	6
Saskatchewan	4	4	4	6	6	5
Alberta	8	8	9	9	9	11
British Columbia	11	12	12	8	10	12
CANADA	100%	100%	100%	100%	100%	100%

PERCENTAGE DISTRIBUTION OF POOR FAMILY UNITS
WITHIN EACH PROVINCE, SELECTED YEARS

Province	Poor families as a percentage of all young family units			Working poor families as a percentage of all poor families		
	1973	1975	1977	1973	1975	1977
Newfoundland	26%	21%	18%	52%	39%	42%
Nova Scotia	18	15	17	60	45	44
New Brunswick	18	16	16	54	44	39
Quebec	17	16	15	58	46	39
Ontario	12	11	12	61	53	47
Manitoba	18	15	16	62	62	55
Saskatchewan	20	15	15	73	68	55
Alberta	17	14	12	65	54	66
British Columbia	11	13	13	57	48	50
CANADA	15%	14%	14%	60%	51%	47%

NUMBER OF POOR, NEAR-POOR, AND LOWER-INCOME FAMILY UNITS
IN EACH PROVINCE, SELECTED YEARS

Province	Poor		Near-Poor		Lower-Income*	
	1973	1975	1973	1975	1973	1975
Newfoundland	28,000	26,500	7,900	10,400	35,900	36,900
Prince Edward Island	5,700	3,800	1,200	2,200	6,900	6,000
Nova Scotia	32,000	30,200	11,800	14,500	43,800	44,700
New Brunswick	27,800	25,000	10,100	10,400	37,900	35,400
Quebec	275,900	273,300	95,900	103,200	371,800	376,500
Ontario	250,900	269,500	66,000	109,400	316,900	378,900
Manitoba	46,000	41,900	9,410	11,000	55,510	52,900
Saskatchewan	43,900	37,000	10,100	14,200	54,000	51,200
Alberta	71,700	69,900	17,900	26,300	89,600	96,200
British Columbia	72,400	95,800	18,700	28,460	91,000	124,260
CANADA	854,300	873,000	249,100	330,060	1,103,400	1,202,960

* i.e. Poor and near-poor young family units together

PERCENTAGE DISTRIBUTION OF POOR, NEAR-POOR AND LOWER-INCOME
YOUNG FAMILY UNITS WITHIN EACH PROVINCE, SELECTED YEARS

<u>Province</u>	<u>Poor</u>			<u>Near-Poor</u>			<u>Lower-Income*</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
Newfoundland	26%	21%	18%	7%	8%	7%	33%	30%	26%
Prince Edward Island	25	15	17	5	9	8	30	24	26
Nova Scotia	18	15	17	6	7	7	24	22	24
New Brunswick	18	16	16	7	6	6	25	22	22
Quebec	17	16	15	6	6	6	23	22	21
Ontario	12	11	12	3	5	5	15	16	17
Manitoba	18	15	16	4	4	4	22	19	20
Saskatchewan	20	15	15	5	6	7	25	21	22
Alberta	17	14	12	4	5	5	21	19	17
British Columbia	11	13	13	3	4	4	14	16	17
CANADA	15%	14%	14%	4%	5%	5%	19%	19%	19%

* i.e. Poor and near-poor young family units together

PERCENTAGE DISTRIBUTION OF YOUNG FAMILY UNITS WITHIN EACH INCOME
GROUP ACCORDING TO THE POPULATION OF THEIR AREA OF RESIDENCE

<u>Population of area of residence</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
100,000 or more	50%	55%	56%	49%	52%	53%	55%	56%	56%
30,000-100,000	9	14	13	10	11	13	10	12	11
15,000- 30,000	6	5	7	7	7	6	7	7	6
1,000- 15,000	11	9	8	13	10	12	10	10	11
Under 1,000 and rural	24	17	16	21	20	16	18	15	16
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

PERCENTAGE DISTRIBUTION OF EACH TYPE OF FAMILY UNIT
AMONG THE INCOME GROUPS - ALL AGES, SELECTED YEARS

<u>Family Type</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>			<u>Total</u>
	1973	1975	1977	1973	1975	1977	1973	1975	1977	
Unattached Individuals	16%	14%	13%	10%	12%	13%	74%	74%	74%	100%
Families with children	8	5	5	5	6	6	87	89	89	100
Other Families	4	4	3	3	3	4	92	93	93	100
ALL FAMILY UNITS	9	7	6	6	7	7	85	86	86	100

PERCENTAGE DISTRIBUTION OF EACH TYPE OF FAMILY UNIT
AMONG THE INCOME GROUPS - HEAD AGED OVER 24, SELECTED YEARS

<u>Family Type</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>			<u>Total</u>
	1973	1975	1977	1973	1975	1977	1973	1975	1977	
Unattached Individuals	10%	7%	8%	13%	16%	16%	77%	77%	76%	100%
Families with children	7	5	4	5	6	6	88	89	90	100
Other Families	4	3	3	4	3	4	92	94	93	100
ALL FAMILY UNITS	7	5	5	6	7	7	87	88	88	100

PERCENTAGE DISTRIBUTION OF FAMILY UNITS WITHIN EACH INCOME GROUP
ACCORDING TO TYPE OF FAMILY - ALL AGES, SELECTED YEARS

<u>Family Type</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
Unattached Individuals	40%	46%	49%	36%	43%	42%	19%	20%	21%
Families with Children	51	44	42	53	50	47	61	59	58
Other Families	9	10	9	11	7	10	21	21	21
ALL FAMILY UNITS	100%	100%	100%	100%	100%	100%	100%	100%	100%

PERCENTAGE DISTRIBUTION OF FAMILY UNITS WITHIN EACH INCOME GROUP
ACCORDING TO TYPE OF FAMILY - HEAD AGE OVER 24, SELECTED YEARS

<u>Family Type</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
Unattached Individuals	24%	27%	31%	35%	43%	40%	15%	17%	16%
Families with Children	67	62	59	53	50	49	65	64	64
Other Families	9	11	10	12	7	11	19	19	20
ALL FAMILY UNITS	100%	100%	100%	100%	100%	100%	100%	100%	100%

NUMBER AND PERCENTAGE DISTRIBUTION OF CHILDREN
AMONG THE INCOME GROUPS, SELECTED YEARS

	1973			1975			1977		
	Number	As % of all children	As % of poor children	Number	As % of all children	As % of poor children	Number	As % of all children	As % of poor children
Working Poor	675,600	10%	60%	441,400	6%	46%	389,400	6%	43%
Other	455,500	6	40	525,800	7	54	512,200	7	57
All Poor	1,131,000	16	100%	967,200	13	100%	901,600	13	100%
Non-Poor	5,893,700	84		6,077,200	87		6,095,400	87	
All Children	7,024,800	100%		7,044,400	100%		6,997,000	100%	

PERCENTAGE DISTRIBUTION OF FAMILIES WITH LESS THAN FOUR CHILDREN
AND MORE THAN FOUR CHILDREN WITHIN EACH INCOME GROUP, SELECTED YEARS

	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
<u>Less than four children</u>									
Number of families	196,430	154,850	142,550	138,300	159,250	189,450	2,632,950	2,432,900	2,581,510
Percentage of families	76%	81%	83%	76%	76%	83%	88%	84%	85%
<u>More than four children</u>									
Number of families	62,920	37,250	29,660	42,820	50,030	37,590	351,340	459,720	448,820
Percentage of families	24%	19%	17%	24%	24%	17%	12%	16%	15%
Total	259,350	192,100	172,210	181,120	209,280	227,040	2,984,290	2,892,620	3,030,330
	100%	100%	100%	100%	100%	100%	100%	100%	100%
Average number of children	2.6	2.3	2.3	2.5	2.5	2.3	2.0	2.1	2.0

PERCENTAGE DISTRIBUTION OF FAMILY HEADS BY AGE
AMONG THE INCOME GROUPS, SELECTED YEARS

<u>Age of Head</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>			<u>Total</u>
	1973	1975	1977	1973	1975	1977	1973	1975	1977	
Under 25	22%	20%	17%	4%	5%	7%	75%	75%	76%	100%
25-44	8	6	5	4	5	6	88	89	89	100
45-54	6	4	4	6	7	7	88	89	89	100
55-64	6	4	4	12	14	13	82	82	83	100
All ages	9	7	6	6	7	7	85	86	87	100

PERCENTAGE DISTRIBUTION OF FAMILY UNITS WITHIN EACH INCOME GROUP
ACCORDING TO THE AGE OF THE FAMILY HEAD, SELECTED YEARS

<u>Age of Head</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
Under 25	30%	36%	35%	7%	10%	13%	11%	11%	11%
25-44	44	43	42	37	37	38	51	53	52
45-54	14	11	12	21	21	20	22	21	21
55-64	12	10	11	35	32	29	16	15	16
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

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PERCENTAGE DISTRIBUTION OF FAMILY UNITS WITHIN EACH INCOME GROUP
ACCORDING TO THE FAMILY HEAD'S EDUCATION, SELECTED YEARS

<u>Education of Head</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
Less than grade 8	35%	25%	22%	54%	54%	45%	24%	23%	21%
Grades 9-10	29	16	17	29	18	19	30	17	16
Grades 11-13	14	24	24	8	14	19	18	25	28
Post-secondary training and university	22	35	37	9	14	17	28	35	35
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

PERCENTAGE DISTRIBUTION OF WORKING POOR FAMILY UNITS ACCORDING
TO THE AGE AND EDUCATION OF THE FAMILY HEAD, SELECTED YEARS

Education of Head	A g e o f H e a d								
	<u>under 25</u>			<u>25-44</u>			<u>45-64</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
Less than grade 8	10%	6%	4%	37%	27%	23%	62%	54%	48%
Grades 9-10	31	13	13	31	20	21	23	12	17
Grades 11-13	21	34	29	12	19	23	9	15	20
Post-secondary training and university	38	47	54	20	34	33	6	19	15
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

PERCENTAGE DISTRIBUTION OF UNATTACHED INDIVIDUALS
AMONG THE INCOME GROUPS ACCORDING TO SEX - SELECTED YEARS

	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>			<u>Total</u>
	1973	1975	1977	1973	1975	1977	1973	1975	1977	
Women	19%	15%	15%	13%	15%	16%	68%	70%	69%	100%
Men	13	13	11	7	9	10	80	78	79	100

PERCENTAGE DISTRIBUTION OF FAMILIES WITH CHILDREN
AMONG THE INCOME GROUPS ACCORDING TO THE SEX OF THE HEAD

	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>			<u>Total</u>
	1973	1975	1977	1973	1975	1977	1973	1975	1977	
Female-headed one-parent families	12%	10%	10%	37%	39%	36%	51%	51%	54%	100%
All male- headed families	7	5	4	3	3	3	90	92	93	100

PERCENTAGE DISTRIBUTION OF FAMILIES WITHIN EACH INCOME GROUP
ACCORDING TO THEIR MAJOR SOURCE OF INCOME, SELECTED YEARS

<u>Source of income</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
Wages and salaries	85%	87%	86%	*	*	1%	92%	91%	91%
self- employment	15	13	14	2	2	2	5	5	5
Other	*	*	*	97	97	97	3	4	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

* Less than one percent

PERCENTAGE OF FAMILIES BY INCOME GROUP WHO
REPORTED ANY INCOME FROM EACH SOURCE, SELECTED YEARS

<u>Income Source</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
Earnings:									
Wages and Salaries	89%	90%	90%	27%	28%	28%	96%	96%	96%
Self-Employment	18	16	17	3	3	4	10	9	12
Government Transfers:									
Social Assistance	5	6	4	55	56	53	2	3	3
Family Allowances	48	41	39	50	49	46	53	53	52
Unemployment Insurance	15	15	20	12	16	18	19	22	25
Other Government transfers		4	4		19	20		6	7
Other Sources:									
Investment or Retirement income	17	17	20	22	19	22	48	46	51
Miscellaneous	5	5	5	11	10	11	5	6	7

PERCENTAGE DISTRIBUTION OF TWO-PARENT FAMILIES
WITHIN EACH INCOME GROUP BY NUMBER OF EARNERS, SELECTED YEARS

Number of Earners	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
None	0%	0%	0%	45%	44%	41%	*	*	*
One	70	70	68	41	41	42	37	35	31
Two or more	30	30	32	14	15	17	63	65	69
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

* less than one percent

LABOR FORCE STATUS (REFERENCE WEEK) OF FAMILY HEADS
WITHIN EACH INCOME GROUP, SELECTED YEARS

	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
Employed	76%	72%	65%	22%	20%	20%	91%	89%	88%
Unemployed	9	8	12	7	10	11	4	5	5
Not in the labor force	15	20	23	71	71	69	5	7	7
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

PERCENTAGE DISTRIBUTION OF FAMILY UNITS WITHIN EACH INCOME GROUP ACCORDING
TO THE NUMBER OF WEEKS WORKED EACH YEAR BY THE HEAD, SELECTED YEARS

<u>Weeks Worked</u>	<u>Working Poor</u>			<u>Other Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977	1973	1975	1977
50 or more	46%	39%	40%	10%	10%	10%	81%	76%	80%
26-49	23	23	23	4	5	7	13	16	11
14-25	15	17	18	5	6	5	2	3	3
1-13	10	15	14	9	10	10	1	1	2
Zero	5	6	5	73	69	68	3	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%

AMONG HEADS AND SPOUSES WHO WORKED
PERCENTAGE WHO WORKED MOSTLY FULL-TIME

	<u>Working Poor</u>			<u>Non-Poor</u>		
	1973	1975	1977	1973	1975	1977
Heads	87%	85%	88%	97%	98%	97%
Spouses (two-parent families only)	49	55	55	64	66	67

BEHIND THE TRENDS

The shape of poverty has changed over the years but not its size. During the four years under study the decline in the number and percentage of working poor families was offset by the rapid rise in other poor and near-poor family units which - at a rate of increase of 42% each between 1973 and 1977 - were the fastest growing income groups in Canada. What explains these changes?

Unfortunately we cannot provide a definitive answer to this question. The data on which our report is based allows us to chart changes in the magnitude and characteristics of poverty in Canada over time. What it does not permit, however, is anything beyond some general conjectures about why changes have occurred.

The main obstacle to a fully satisfactory explanation of the statistical trends is the lack of information on actual families over time. Surveys such as the one on which our study is based provide what is called 'cross-sectional' data - they take a snapshot of a sample of the Canadian population at a particular point in time. We can take a series of snapshots over the years and thereby draw conclusions about the size and composition of the population and its constituent groups.

However there is no way of knowing whether the same families and individuals who made up the working poor in 1973 also were working poor four years later or, instead, counted among the other poor or non-poor groups. Whether particular families are below or above the poverty line in a given year, what percentage remain poor from one year to the next, to what extent poverty is a continuous, repeated or once-only experience - these and other fundamental questions cannot be answered on the basis of cross-sectional data. Instead 'longitudinal' studies which follow the

same sample of families and individuals over a number of years are needed to develop a comprehensive portrait of poverty and inequality in Canadian society.

Despite these limitations, at least we can offer some plausible conjectures about why there are fewer working poor families and individuals today than in the past, even though the low-income population as a whole has been increasing steadily. Four factors in particular must be considered when explaining the changing face of Canadian poverty: rising unemployment; the rapid increase in single-parent families; the increasing proportion of two-earner families; and the growing importance of government income transfers.

Unemployment and Earnings

Unemployment increased markedly during the 'seventies. The official jobless rate went up by 45% from 5.6% in 1973 to 8.1% in 1977; provincial unemployment rates in 1977 ranged from 15.9% in Newfoundland to 4.4% in prosperous Alberta. By 1977 Canada's real jobless rate - adding the 'hidden unemployed' (discouraged workers not actively looking for work during the week of the labor force survey) to the officially unemployed - had reached over 13%. Moreover the average length of time out of work also increased to 14.5 weeks by 1977.

The working poor are particularly susceptible to unemployment. As we saw in the previous chapter, job stability has declined significantly among working poor family heads. The proportion employed at the time of the survey interview went down from 76% in April 1974 to 65% in April 1978, while the percentage out of work or 'not in the labor force' (many of whom were employable but discouraged or seasonal workers) rose from 24% to 35% in four years. Whereas 46% of working poor family heads worked year-round in 1973, by 1977 only 40% were so fortunate, and the proportion employed less than 25 weeks a year went up from 25% to 32%.

For most families unemployment means a cut in annual earnings. This is especially the case for the working poor. The average working poor family earned only \$3,406 in 1977 - 16% less than the 1973 average once the effect of inflation on the value of the dollar is taken into account. The average earnings of all workers, in contrast, went up by 9% in real terms between 1973 and 1977.

Rising unemployment (and inflation) did more than erode the value of working poor families' earnings. By reducing the share of their annual income obtained from employment earnings to less than half, unemployment likely shifted many families from the working poor to the other poor category; non-employment sources such as unemployment insurance, family allowances (which increased significantly in value between 1973 and 1977) and, in some cases, welfare benefits became their major source of income. In a similar fashion, some higher-income workers experiencing unemployment could have dropped down to the near-poor (or even working poor) group due to loss of earnings. Conceivably some previously non-poor workers who were out of work for a prolonged period could have fallen into the other poor income group if their annual income declined to the poverty line.

Though the statistical relationship is not ironclad, there is evidence to support the argument that rising unemployment helped swell the ranks of the other poor. Several provinces witnessed a large increase both in their jobless rate and their number of other poor families. In Ontario, for instance, other poor family units rose 60% from 98,000 in 1973 to 158,000 in 1977; the province's unemployment rate increased by a similar percentage (63%). Nova Scotia, New Brunswick and Quebec also experienced substantial increases in both their jobless rates (57%, 74% and 51% respectively) and number of other poor families (53%, 35% and 39% respectively), while their working poor groups declined considerably (16%, 27% and 35% respectively). In Canada as a whole the percentage increase in other poor families (42%) paralleled the rise in the jobless rate (45%).

Trends in Alberta also support the link between unemployment and the other poor, though the direction of change is opposite that for the other provinces. Alberta's jobless rate actually declined by 17% between 1973 and 1977. The number of other poor families also diminished; though the decline was only 5%, in every other province the number of other poor families increased substantially.

The majority (though not all) of the families and unattached individuals classed as other poor in our study depend on provincial social assistance programs for a large part of their income. We would expect, then, to find an increase in the number of welfare recipients between 1973 and 1977.

The few national statistics available on welfare caseloads confirm our findings on the growth in other poor families. The number of welfare recipients (including dependents) rose from 1.2 million in 1973 to more than 1.3 million in 1977; since these figures refer to persons receiving welfare on March 31 in each year, the total number of persons relying upon social assistance at some point during the year was even higher (one estimate puts the number in the range of 1.8 million to 2.3 million for 1977-78).⁹ We do not have trend data on the number of family units (as opposed to family members) receiving welfare, but the caseload increase between 1973 and 1977 likely outpaced the growth in the number of adults and children on social assistance, given the fact that the average size of welfare families has declined in recent years.

Rising unemployment can exert pressure on welfare caseloads in two ways. The combination of more and more unemployed persons chasing fewer and fewer job openings places employable welfare recipients at a greater comparative disadvantage, making it harder for them to get off welfare and into the labor market. The number of full-time job vacancies for every 100 unemployed workers declined steeply from 15.3 in 1973 to 4.5 in 1977.

Higher unemployment also can add to the welfare rolls jobless workers who are awaiting or have exhausted their unemployment insurance benefits. Though comprehensive national figures are not available, welfare officials in some provinces have attributed recent increases in the number of employable social assistance recipients to unemployment and the exhaustion of or disqualification from unemployment insurance benefits. In 1977/78 28% of Canada's 636,000 welfare cases fell in the 'unemployed employable' category.¹⁰

Single-parent families

Rising unemployment contributed to the increase in other poor families, but we must not exaggerate its influence and ignore the role of other factors. Most welfare recipients are disabled, elderly or female-headed one-parent families who cannot readily be expected to find work in the paid labor force; in 1977/78 these three groups accounted for 80% (36%, 8% and 35% respectively) of the welfare caseload.¹¹ A full-employment economy would make it easier for some of them to find work, but many would still require welfare assistance no matter how low the jobless rate.

Single-parent families - almost all of them headed by women - were a growing group within the welfare population during the years under study. Their share of the welfare caseload went up from 26% in 1970 to 35% by 1978.¹² To help explain the rise in other poor families, then, we must account for the rising proportions of single-parent families on social assistance.

In part the growth in one-parent families on welfare reflects the rapidly increasing number of single-parent households in general. In 1966 there were 372,000 one-parent families in Canada of whom 80.8% were headed by women. Ten years later, one-parent families numbered 559,000 - a 50% increase over 1966 that was double the percentage increase for two-parent families.¹³

Moreover women are making up a larger and larger percentage of single-parent families; in 1976 there were 464,000 single mothers, representing 83% of all one-parent families.

Women heading single-parent families face an extremely high risk of poverty. Our analysis shows that 46% of female single parents were poor in 1977, and more than one in every three single mothers fell in the other poor group. Younger single parents are particularly susceptible to poverty; about two-thirds of those under the age of 35 have incomes below the poverty line.¹⁴ Since younger single mothers are the fastest growing age group among single parents (those under 35 made up 16.3% of female single parents in 1966 and 28.3% in 1976), the increasing pressure of younger sole-support women on welfare caseloads is not hard to understand.¹⁵

The rising rate of marriage breakdown is a key factor in the growth of single-parent families. The divorce rate rose from 139.8 per 100,000 persons in 1970 to 237.7 per 100,000 in 1977, an increase of 70%.¹⁶ Not surprisingly, divorced and separated women have increased their share of all female single parents. In 1966 they made up 35.3% of single mothers and by 1976 their share had risen to 50.9%.¹⁷

There also has been a significant increase in the number of never-married female single parents. In 1966 they represented only 2.5% of all sole-support mothers, but by 1976 that figure had increased to 7.5%.¹⁸ The growing tendency of young unmarried mothers to keep their babies rather than place them in adoptive care is another reason for increased pressure on the welfare system; lack of educational credentials, employment experience and, in many cases, available child care facilities create serious job barriers for many young single mothers. In some parts of Canada the percentage of unwed mothers choosing to keep their babies has tripled in the last ten years.

Two-earner families

By 1977 close to half of all women over the age of 15 were in the labor force, and nearly two-thirds of them were married. The Economic Council of Canada singles out the growth in families with more than one earner (typically those in which both spouses work) as a key cause of the "steady disappearance of the so-called 'working poor'".¹⁹ For a low-income family which obtained over half its income from earnings in 1973, the subsequent addition of another breadwinner could have lifted the household into the near-poor or non-poor group. A second earner also can cushion the shock to family income should the other earner fall unemployed.

Our own findings lend some support to this argument. In 1977 only 32% of working poor families had two or more earners, in contrast to 69% of non-poor families. Moreover the percentage of multiple-earner non-poor families increased from 63% in 1973 to 69% in 1977.

However families with more than one earner are not immune to poverty. In 1977 three in every ten families were working poor even though they had more than one earner. This figure actually represents a small (7%) increase over 1973.

If both spouses in a family with children to support are low-wage workers, even a limited bout of unemployment on the part of either breadwinner can reduce annual family income to the poverty level. Since women are more prone to unemployment than men (in 1977 women's jobless rate was 9.4% compared to 7.3% for men), the trend towards two-earner families is no guarantee against poverty. This particularly holds for women working in traditionally low-wage occupations which experience higher than average rates of unemployment. In 1977 the overall jobless rate for women was 9.4%, but female unemployment was much higher in typically lower-paying jobs such as services (11.4%), processing (19.7%), product fabricating, assembly and repairing (13.3%), and materials handling (16.8%).

Government transfer payments

The Economic Council of Canada considers "enriched social security systems" a major cause of the decline in the number of working poor families and individuals.²⁰ Though there is an element of truth to this statement, a closer look at the evidence indicates that government income security programs are hardly the passport out of poverty suggested by the Economic Council.

Canadians at all income levels depend on government programs for an increasing share of their income. Federal, provincial and, in some cases, municipal governments offer a complex array of programs which replace, supplement or substitute for earnings from work. At some point in our lives all of us benefit from family allowances, public pension and income security plans for the aged (provided we live long enough) along with various tax credits, exemptions and deductions, and to a varying extent substantial segments of the population receive income from programs such as unemployment insurance, workers' compensation and social assistance.

There is clear statistical evidence to show the growing importance of government payments to families' incomes. In 1973 public transfers represented an average 7.8% of the income of all families and unattached individuals. By 1977 that share had risen to 9.0%, a 15% increase. In 1978 transfer payments represented an average of 14.3% of income - a notable 83% increase from 1973.²¹

As one would expect, government income sources are more important to lower-income than higher-income families. In 1977 those in the lowest income quintile (family units with incomes less than \$5,974) relied upon government sources for 61% of their income. The figures decline steadily as income rises, to the point where families and individuals in the highest income quintile (those enjoying incomes above \$25,594) counted government transfers as only 3.2% of their income.

Looked at over time, however, it is evident that government transfers have become more significant even for higher-income families. From 1973 to 1977 the share of income from government programs rose by 21% for family units in the middle quintile (those between \$12,014 and \$17,993 in 1977), 18% for those in the next highest quintile (between \$17,994 and \$25,594), and 23% for families and unattached individuals in the top income fifth (over \$25,594).

Shifting back to our own study's income categories (working poor, other poor and non-poor), the average amount received from government transfers by working poor families went up from \$311 in 1973 to \$536 - a real increase of 17%. Naturally the average amount of income from public programs was much higher for other poor family units (\$1,861 in 1973, \$2,906 in 1977) but the real increase was only 9%. However the largest increase in income from government sources was enjoyed by non-poor families and single persons, whose average transfer payments rose from \$484 in 1973 to \$999 in 1977 - a hefty real increase of 45%. Undoubtedly the growing incidence of receipt of unemployment insurance benefits among non-poor Canadians (19% in 1973, 25% by 1977) helped account for this increase.

In theory, at least, it is not difficult to envisage how government transfers could help account for the decline in the number of working poor families and the increase in the near-poor and non-poor income groups. By adding valuable dollars to family income, more generous government transfer payments could have shifted some families into a higher income category. Some families who were working poor in 1973 subsequently could have moved into the near-poor group; some households who would have been near-poor in 1977 if the average value of government transfers had remained at their 1973 level instead found themselves in the non-poor category.

Ironically, the growth of government transfers may well have increased the number of other poor families at the expense of the working poor. If a family obtained just over half its poverty

level income from employment earnings in 1973 (keeping in mind that we define the working poor as those who obtain half or more of their low income from work), then more generous government payments could have altered the balance of its sources of income and shifted the family into the category receiving less than half of its low income from a job.

Whether increased government transfers actually moved large numbers of families and individuals from one income group to another is another matter altogether. Aside from the growing use of unemployment insurance among all income groups noted earlier, there were no major increases in the proportion of households reporting income from government sources. Among government income programs, only the family allowance substantially increased its level of benefits during the period under study. Did enriched family allowances account in part for the shifts in the number of working poor, other poor and non-poor income groups between 1973 and 1977?

There is no question that family allowances increased substantially during the years under analysis. From January to September of 1973 family allowance benefits were \$6.00 per month for each child 9 years old or younger and \$8.00 per month for every child between the ages of 10 and 15. Beginning in October of 1973 family allowance rates were raised to \$12.00 per month for every child aged under 16. In January of 1974 they went up again to \$20.00 per child each month and eligibility was extended to include all children 17 years or younger. By 1977 the family allowance rate was \$23.89 per child per month.

Moreover in accordance with a provision in the Family Allowance Act of 1973, Quebec and Alberta began to vary their family allowance rates in 1974. Quebec chose to vary its rate schedule according to the number of children in the family; in 1977 families got \$14.34 a month for the first child, \$21.50 for the second, \$35.53 for the third and \$50.75 for each additional child. Albertans

had their family allowance payments adjusted according to children's ages; the 1977 monthly rates were \$18.00 for children 6 years or under, \$22.80 for those 7 to 11, \$30.00 for those 12 to 15, and \$33.50 for 16 and 17 year-olds. However no provincial family allowance rate can be less than 60% of the standard federal benefit and provincial payments (when averaged over three consecutive years) must be the same as if the standard federal rate had been in effect.

Even taking into account the declining value of the dollar, family allowances increased significantly in value between 1973 and 1977. In 1973 the average monthly family allowance payment was \$6.75 per child.²² By 1977 the rate was \$23.89 which represents a real increase of 148% in four years. Put in simple terms, family allowances were worth close to two and a half times more in 1977 than in 1973.

Despite their large increase in value, it is unlikely that family allowances alone shifted many families from one income category to another. Take, for example, the case of a working poor family with two children whose 1973 income was \$6,000 - just below the \$6,230 poverty line for a family of four in a medium-sized community. Family allowances contributed \$180 to the family's income in 1973. Suppose that all components of the family's income rose according to the increase in the cost of living. Therefore the family's 1977 income would be \$8,562 of which \$257 would come from family allowances.

In fact, however, family allowances increased significantly more than the cost of living between 1973 and 1977, so that in 1977 the family in question actually received \$573 in family allowances. As a result, the family's income in 1977 would be \$8,878 due to enriched family allowances, not \$8,562 without the family allowances increase.

Even with the improvement in family allowance benefits, the family in question still would find itself \$10 below the poverty

line in 1977. Other things being equal, no working poor family with an income less than that used in our example could be brought above the poverty line due to enriched family allowance payments. Since most working poor families lived on an income substantially below the poverty line, we can only conclude that the rise in family allowance benefits alone could not have reduced the number of working poor families to any great extent during the period under study.

In 1979, however, changes were made in federal family income benefits that promise to have a more serious impact on the number of working poor families with children. Beginning in January 1979, family allowances were reduced to \$20 a month from their 1978 level of \$25.68. At the same time a new program, the refundable child tax credit, was introduced. Families with low and moderate incomes became eligible for a refundable tax credit worth \$200 for each dependent child. As a result of these changes a poor family with two children was \$264 better off in 1979 than it was in 1978 under the family allowances program at the old rate.

The refundable child tax credit currently pays \$238 a child to low and moderate-income families. Family allowances add another \$288 a year, bringing the annual income supplement for low and middle-income families with children to \$526 per child in 1981. This amounts to a sizeable \$1,052 increment in the income of a lower-income family with two children - not enough to abolish family poverty outright, but certainly sufficient to lessen the number of children living below the poverty line and improve the incomes of poor families.

PROGRAMS FOR THE WORKING POOR

More than a million Canadians live in families that earn most of their income from work yet remain below the poverty line. In recent years the federal government and the governments of Quebec, Manitoba and Saskatchewan have introduced income programs which offer some assistance to working poor households. In general, however, the working poor remain a largely ignored group in Canadian society.

The following pages consider two kinds of government programs intended to help the working poor. Minimum wage laws assure an earnings floor for low-wage workers. Income supplementation programs provide an additional layer of income for families with inadequate earnings.

Minimum Wages

The following table lists minimum wage rates in effect as of February 1981. With the few exceptions noted below, all employees working in private industry and for the federal, provincial and municipal levels of government are protected by minimum wage laws. Hourly rates for adult workers range from a high of \$3.85 in Saskatchewan to a low of \$3.00 in Ontario, Nova Scotia and Prince Edward Island. In most jurisdictions a lower minimum wage rate is set for students and young workers.

The minimum wage traditionally has been regarded as the first line of defence for low-paid workers. By enacting and enforcing minimum wages laws, governments seek to guarantee all workers a decent earnings floor, prevent exploitation by unscrupulous employers, and ensure that the wages of low-paid workers do not fall further and further behind those of the better-paid work

force. Together with labor standards legislation regulating hours and conditions of work, minimum wage laws afford low-wage workers a measure of protection normally taken for granted by the better-organized majority of employees.

TABLE 55

Minimum Hourly Wage Rates,
Federal and Provincial Jurisdictions, February 1981²³

	<u>Experienced adult workers</u>	<u>Young workers and students</u>	<u>Effective date</u>
British Columbia	\$3.65	\$3.00	Dec. 1, 1980
Alberta	3.50	3.35	May 1, 1980
Saskatchewan	3.85	*	Jan. 1, 1981
Manitoba	3.15	2.70	Jan. 1, 1980
Ontario	3.00	2.15	Jan. 1, 1979
Quebec	3.65	3.23	Apr. 1, 1980
New Brunswick	3.05	*	Jul. 1, 1980
Nova Scotia	3.00	2.70	Oct. 1, 1980
Prince Edward Island	3.00	2.50	Jul. 1, 1980
Newfoundland	3.15	*	Jul. 1, 1980
Yukon Territory	3.35	*	Dec. 1, 1980
Northwest Territories	3.50	2.95	May 15, 1980
Federal	3.25	3.00	Dec. 1, 1980

* no separate rate

In fact the minimum wage on its own is a rather limited weapon in the fight against working poverty. Though without a legislated wage floor many low-wage workers would be worse off than they are at present, the minimum wage alone does not and cannot prevent poverty in the labor market.

The minimum wage does ensure the 'living wage' its supporters contend. The problem is that it cannot provide a living income to virtually any family in Canada. The following Tables 56 to 59 document the inherent inadequacy of the minimum wage as an anti-poverty tool.²⁴

Minimum wage rates are sufficient in every province to lift a single person above the poverty line. A Regina resident working full-time, year-round at the Saskatchewan minimum wage received an income of \$7,600 in 1980, lifting him \$2,150 above the poverty line. A single Nova Scotian working at the minimum wage lived on the lowest earnings in 1980 - \$5,850 - but even this ensures a safety margin of \$402 above the poverty line for a Halifax resident.

Single parents in Quebec and Saskatchewan who worked for the minimum wage and supported one child managed to live moderately above the poverty line. However they owed this not to their provinces' minimum wages - which even though the highest in Canada could not keep their family out of poverty - but thanks to additional income from federal and (in Quebec) provincial family allowances, the child tax credit, provincial rent rebates and provincial income supplementation programs (described later in this chapter). Except for single parents with only one child in these two provinces, no one or two-parent family anywhere in Canada could rise above the poverty line if it relied on the earnings of one worker employed on a full-time, all-year basis at the minimum wage.

Tables 57 and 59 show the poverty gap - the number of dollars below the poverty line - for single-parent and two-parent families of different sizes. The larger the family, the greater the distance between its income and the poverty line. The reason for this is quite simple: the same minimum wage is paid to a single worker as to a family breadwinner with several mouths to feed, whereas poverty lines take into account living costs and so are set higher for larger families. Though larger families receive more income from family allowances, the child tax credit and (in

T A B L E 56

TOTAL INCOME FOR SINGLE-ADULT FAMILIES
WITH ONLY ONE EARNER, WORKING AT THE MINIMUM WAGE, 1980

	<u>1 adult</u>	<u>Single parent, 1 child</u>	<u>Single parent, 2 children</u>	<u>Single parent, 3 children</u>
British Columbia	\$6,809	\$7,320	\$7,815	\$8,295
Alberta	7,089	7,591	8,032	8,592
Saskatchewan	7,599	8,375	9,454	10,534
Manitoba	6,944	7,536	8,050	8,545
Ontario	6,432	7,004	7,494	7,985
Quebec	7,498	8,885	9,645	10,597
New Brunswick	6,084	6,564	7,043	7,523
Nova Scotia	5,850	6,330	6,809	7,289
Prince Edward Island	5,980	6,460	6,939	7,419
Newfoundland	6,188	6,668	7,147	7,627

T A B L E 57

POVERTY GAP FOR FAMILIES HEADED BY A SINGLE ADULT,
WORKING AT THE MINIMUM WAGE, 1980

	<u>1 adult</u>	<u>single parent, 1 child</u>	<u>single parent, 2 children</u>	<u>single parent, 3 children</u>
Vancouver	+\$ 989	-\$1,115	-\$2,947	-\$4,506
Edmonton	+ 1,269	- 844	- 2,730	- 4,209
Regina	+ 2,151	+ 476	- 627	- 1,453
Winnipeg	+ 1,124	- 899	- 2,712	- 4,256
Toronto	+ 612	- 1,431	- 3,268	- 4,816
Montreal	+ 1,678	+ 450	- 1,117	- 2,204
Saint John, N.B.	+ 636	- 1,335	- 3,038	- 4,464
Halifax	+ 402	- 1,569	- 3,272	- 4,698
Charlottetown	+ 1,114	- 594	- 2,065	- 3,287
St.John's, Nfld.	+ 740	- 1,231	- 2,934	- 4,360

T A B L E 58

TOTAL INCOME FOR COUPLES WITH ONLY ONE EARNER,
WORKING AT THE MINIMUM WAGE, 1980

	<u>Childless couple</u>	<u>Couple, 1 child</u>	<u>Couple, 2 children</u>	<u>Couple, 3 children</u>
British Columbia	\$6,844	\$7,328	\$7,811	\$8,295
Alberta	7,127	7,611	8,045	8,597
Saskatchewan	7,599	8,375	9,454	10,534
Manitoba	7,060	7,561	8,059	8,560
Ontario	6,524	7,015	7,505	7,996
Quebec	8,181	8,885	9,645	10,597
New Brunswick	6,084	6,564	7,043	7,523
Nova Scotia	5,850	6,330	6,809	7,289
Prince Edward Island	5,980	6,460	6,939	7,419
Newfoundland	6,188	6,668	7,147	7,627

T A B L E 59

POVERTY GAP FOR COUPLES WITH ONLY ONE
EARNER, WORKING AT THE MINIMUM WAGE, 1980

	<u>childless couple</u>	<u>couple, 1 child</u>	<u>couple, 2 children</u>	<u>couple, 3 children</u>
Vancouver	-\$1,591	-\$3,434	-\$4,990	-\$6,015
Edmonton	- 1,308	- 3,151	- 4,756	- 5,713
Regina	- 300	- 1,706	- 2,533	- 2,862
Winnipeg	- 1,375	- 3,201	- 4,742	- 5,750
Toronto	- 1,911	- 3,747	- 5,296	- 6,314
Montreal	- 254	- 1,877	- 3,156	- 3,713
Saint John, N.B.	- 1,815	- 3,517	- 4,944	- 5,873
Halifax	- 2,049	- 3,751	- 5,178	- 6,107
Charlottetown	- 1,074	- 2,544	- 3,767	- 4,552
St.John's, Nfld.	- 1,711	- 3,413	- 4,840	- 5,769

some provinces) tax rebates and income supplements, these government transfer payments do not fully close the gap between minimum wage earnings and the poverty line.

Families cannot earn enough at the minimum wage to escape poverty. However it does not necessarily follow that minimum wages are a prime cause of family poverty. If a large number of Canadian households actually relied on the earnings of a sole breadwinner working at the minimum wage, the poverty rate for families would be far higher than it is at present. But this is not the case. The average minimum wage worker does not have to support a family; most minimum wage earners are either single, usually young persons living alone, or married women whose wages supplement their husbands' earnings. It has been estimated that less than 10% of the labor force works at the minimum wage.²⁵

The results of our trend analysis shed further light on why minimum wages are a rather ineffectual antidote for working poverty. Single persons have made up an increasing share of the working poor so that - with 49% of all family units at last count - they now outnumber families with children. If all of these 210,000 single men and women worked full-time and year-round at the minimum wage, their earnings would lift them above the poverty line. There can be only one explanation: none of the unattached individuals among the working poor work enough hours in the year to bring their income up to the poverty line.

Close to 60% of single men and women in the working poor category are under 25 years of age. A few simple facts show why this is so.

Young workers often work at or not far above the minimum wage. They also face a very high risk of unemployment; in 1980 the national jobless rate for 15 to 24 year-olds was 13.2% (compared to 7.5% for all age groups) and 16.3% of labor force participants

under 19 were out of a job. Even a short bout of unemployment - 5 weeks in the case of a minimum wage employee in Saint John - can plunge a low-paid worker below the poverty line. Yet the average duration of unemployment for young workers was more than 12 weeks in 1980.

Minimum wages are an even more unrealistic cure for the income problems of working poor families, most of which have only one earner. Even if a breadwinner with three dependents worked full-time and all year at an hourly wage significantly above current minimum wage rates (\$5.00 as opposed to the average minimum rate of \$3.30, for instance), his or her family would still remain below the poverty line. Substantial as it is, even a \$1.70 increase in the minimum hourly wage would not be adequate because the majority of working poor family heads work less than year-round. As we saw earlier, rising unemployment has cut deeper and deeper into the earnings of working poor families.

There is only one type of family which would be brought out of poverty by relatively modest increases in minimum wage rates. In most provinces single parents with one child are not far below the poverty line (in Saskatchewan and Quebec government income supplements raise them above the poverty line). Table 60 shows that increases in minimum wage rates ranging from only 3% in British Columbia to 23% in Ontario would ensure that all single-parent families with one minimum wage earner and one child could live above the poverty line. In Saskatchewan a modest 3% increase in the provincial minimum wage would abolish poverty for single-parent families with two children as well.

The case of single-parent families raises another potentially controversial aspect of the minimum wage as an anti-poverty policy. It is sometimes argued that minimum wages must be set high enough to provide a larger income than is available from social assistance payments. Otherwise there would be little 'incentive' for a family head or individual to get off welfare and find a job.

MINIMUM WAGE RATES REQUIRED TO RAISE SINGLE-PARENT
FAMILIES ABOVE THE POVERTY LINE, 1980

	<u>Existing minimum wage</u>	<u>Required minimum wage</u>			
		<u>Single parent, 1 child</u>		<u>Single parent, 2 children</u>	
		<u>amount</u>	<u>% increase</u>	<u>amount</u>	<u>% increase</u>
Vancouver	\$3.65	\$3.76	3%	\$4.64	27%
Edmonton	3.50	3.72	6	4.63	32
Regina	3.65	*	*	3.75	3
Winnipeg	3.15	3.58	14	4.45	41
Toronto	3.00	3.68	23	4.57	52
Montreal	3.65	*	*	4.14	13
Saint John, N.B.	3.05	3.57	17	4.39	44
Halifax	3.00	3.57	19	4.39	46
Charlottetown	3.00	3.16	5	3.87	29
St. John's, Nfld.	3.15	3.57	13	4.39	39

* no increase required because the existing minimum wage brings the family above the poverty line.

The flaw in this argument is that most long-term welfare recipients are disabled, elderly and other persons who find it difficult to obtain work in the paid labor market. Until job barriers are removed, the minimum wage versus welfare dilemma is irrelevant for them. However for 'employable' welfare recipients - many of whom are single parents - low minimum wage rates make it even harder to support a family with a paycheque than with a welfare cheque.

Table 61 compares minimum wage income with social assistance income for families of different sizes. (Minimum wage incomes are net employment-related expenses and, for single-parent families, child care costs to allow a more realistic comparison than if gross minimum wage incomes were used).²⁶ Dividing minimum wage income by social assistance income provides a convenient ratio: figures over 100% indicate that families stand to receive more from minimum wage work than welfare, while results below 100% mean that social assistance provides a larger income than a minimum wage job.

Single persons and, in most provinces, childless couples are financially better off working at the minimum wage than receiving welfare, though the advantages for couples are marginal in some instances. In half the provinces single-parent families with one child are slightly ahead from minimum wage work than welfare. However except in Quebec (whose Work Income Supplement plan puts working families ahead of those on social assistance), all other single-parent and two-parent families are worse off with one earner working at the minimum wage than they would be on welfare.

So far we have indicated two major flaws in the minimum wage as an anti-poverty policy: without large increases it cannot raise most families above the poverty line, and its direct impact is limited because most low-income workers actually earn more than the current minimum wage. An additional problem is that the regular adult minimum wage does not cover some workers who likely would greatly benefit from its protection.

NET MINIMUM WAGE INCOME AS A PERCENTAGE OF
SOCIAL ASSISTANCE INCOME, BY PROVINCE AND FAMILY SIZE, 1980

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
One adult	143	125	120	152	177	174	153	164	155	145
Two adults	93	98	91	101	128	109	112	119	102	101
One parent, one child	88	91	88	95	132	102	105	104	103	89
One parent, two children	83	79	74	91	121	90	89	87	86	76
One parent, three children	80	72	67	88	116	81	79	83	78	68
Couple, one child	89	85	77	95	120	97	94	98	87	85
Couple, two children	85	78	70	92	114	88	84	92	79	76
Couple, three children	83	71	64	89	111	81	76	87	74	71

In most jurisdictions employers do not have to pay certain categories of adult employees the prevailing minimum wage. In almost all provinces domestics working in private homes are denied the protection of the minimum wage; Newfoundland sets a special rate of \$1.58 an hour and Ontario recently extended its minimum wage coverage to domestics. Farm labourers and, in many provinces, seasonal workers such as fishermen, trappers and loggers are either excluded or paid at special reduced rates, and some provinces set lower rates for restaurant employees and others who normally receive tips. In all provinces except Quebec disabled workers can be 'paid' at below par - sometimes ridiculously little.

How successfully have minimum wages maintained the position of minimum-wage earners vis-à-vis other employees? The record is decidedly mixed.

Table 62 compares minimum wages with increases in the cost of living over a period of fifteen years. The first column shows that in every province the minimum wage paid in 1980 was worth more than it was in 1965. For instance someone working full-time at the 1965 British Columbia minimum wage of \$1.00 an hour earned \$2,080. If British Columbia's minimum wage rate kept pace with inflation over the years, by 1980 it would have paid \$5,283. However that province's minimum wage in 1980 actually paid \$6,706, which represents a 27% real increase over the 1965 rate. Quebec's minimum wage increased 72% between 1965 and 1980, while Nova Scotia's minimum wage rose least at 7%. Only the federal minimum wage actually decreased in real terms - by 11% between 1965 and 1980.

A different picture emerges when we break down minimum wage increases into five-year intervals. From 1965 to 1970 and 1970 to 1975, minimum wage increases outpaced inflation in every province; the federal minimum wage decreased slightly from 1965 to 1970 but increased by 15% between 1970 and 1975. However since 1975

CHANGES IN THE VALUE OF MINIMUM WAGES,
BY CITY AND JURISDICTION, 1965 to 1980

	Real Percentage Changes		
	1965-1980	1965-1970	1970-1975
St. John's, Nfld.	62%	46%	26%
Charlottetown	*	*	*
Halifax	7	0	29
Saint John, N.B.	45	22	35
Montreal	72	29	38
Toronto	19	13	23
Winnipeg	44	36	22
Regina	49	13	48
Edmonton	28	17	24
Vancouver	27	20	23
Federal	-11	- 4	14
			-12%
			-10
			-17
			-12
			- 4
			-15
			-13
			- 5
			- 9
			-14
			-19

* not available

MINIMUM WAGE EARNINGS AS A PERCENTAGE OF
AVERAGE EARNINGS BY JURISDICTION, SELECTED YEARS

	1965	1967	1970	1972	1974	1975	1976	1977	1978	1979	1980
Federal	54.9%	48.6%	46.0%	47.6%	47.7%	46.6%	49.6%	46.4%	43.7%	40.2%	36.9%
Newfoundland	34.9	30.5	40.0	39.8	45.1	44.8	45.1	41.2	40.3	39.4	41.1
Prince Edward Island	64.0	62.2	59.7	49.5	53.6	56.4	56.2	55.4	55.0	52.4	50.9
Nova Scotia	57.2	53.2	48.0	47.1	47.3	52.0	51.8	51.9	49.2	44.9	42.4
New Brunswick	42.8	37.5	44.2	44.0	47.2	48.8	49.2	50.1	48.1	43.7	41.1
Quebec	38.4	41.0	41.7	42.7	47.5	50.0	51.0	50.2	50.1	48.5	45.8
Ontario	42.4	37.8	41.0	42.6	45.5	45.9	44.3	42.5	41.4	42.0	38.6
Manitoba	41.3	43.9	47.9	49.4	49.8	51.0	52.2	52.1	49.2	46.3	44.4
Saskatchewan	44.8	41.8	43.5	51.8	52.8	51.8	52.1	50.9	50.9	48.0	47.2
Alberta	44.5	42.2	43.8	41.3	44.2	45.8	45.8	45.2	43.4	39.1	38.9
British Columbia	39.7	38.2	41.1	37.3	47.8	43.9	44.7	42.2	39.8	36.7	35.4

minimum wages have not kept up with the cost of living. Workers earning the minimum wage in federal employment and in Nova Scotia fared worst.

Comparing minimum wage earnings with average earnings provides another yardstick of the adequacy of minimum wages over time. Table 63 (p.104) presents the trends in each province and jurisdiction. Minimum wages in federal employment and in six provinces (Prince Edward Island, Nova Scotia, New Brunswick, Ontario, Alberta and British Columbia) declined as a percentage of average earnings between 1965 and 1980. In Newfoundland, Quebec, Manitoba and Saskatchewan the ratio of minimum wage earnings to average earnings increased.

In 1971 the Special Senate Committee on Poverty recommended that minimum wages be increased regularly to maintain a rate equal to 60% of the average wage-rate in each province and jurisdiction. According to this standard the situation has deteriorated over the years. In 1965 only Prince Edward Island met the Senate Committee's 60% criterion and in only two others (the federal jurisdiction and Nova Scotia) were minimum wage earnings more than 50% of average wages. In 1980 no jurisdiction met the 60% goal and in only one (Prince Edward Island) could a minimum wage worker earn even half of the average employee's 1980 wage.

Federal income supplements

Every working poor family with children receives an income supplement from the federal government. Two programs - one traditional and well-known, the other innovative - deliver the benefits.

Family allowances provide \$23.96 a month for each dependent child under 18 years of age. In Alberta, family allowances vary according to children's ages: the monthly rates are \$18.20 for children 6 and younger, \$22.80 for those 7 to 11, \$29.90 for 12 to

15 year-olds, and \$33.60 for those aged 16 and 17. Quebec gears its federal family allowance payments to the number of children in the family; the rates are \$14.37 a month for the first child, \$21.56 for the second, \$44.27 for the third, and \$55.16 for each additional child. Each Quebec family with a child 12 years of age and older also receives \$5.99 a month over and above the basic monthly rate.

In January of 1979 a new federal program, the refundable child tax credit, offered an additional family benefit. Unlike the family allowance, the child tax credit is paid only once a year, delivered through the income tax system and not given to upper-income families. The maximum amount of child tax credit payable in 1981 is \$238 for each child for whom a family allowance is paid. Together these two federal programs add \$526 per child to the income of working poor families.

Though they are a welcome income supplement, neither program is devoted expressly to working poor families. All households with dependent children, regardless of their income, receive family allowances though benefits are subject to federal income tax. The refundable child tax credit benefits middle-income as well as lower-income families. As Table 64 on the next page shows, maximum benefits go to families with incomes of \$21,380 or less; the credit is reduced by 5¢ for every dollar of family income over \$21,380, so many relatively well-off families receive some child tax credit money. Even if it has an income as high as \$30,000 in 1981, a family with two children is eligible for the child tax credit, though at \$45 the credit constitutes a minor supplement to its income.

There is one other design feature of the child tax credit that unnecessarily increases its generosity to better-off families. The definition of family income used in computing eligibility for and the amount of a child tax credit allows the deduction of contributions to Registered Home Ownership Savings Plans, Registered

Pension Plans and Registered Retirement Savings Plans. In part because they have more disposable income, higher-income families are much more likely than lower-income families to enjoy RRSPs, RHOSPs and private pension plans, along with the tax saving these schemes produce. Moreover the higher a family's income, the greater its tax saving.

TABLE 64

Child Tax Credit Payments for Families
of Different Income and Size, 1981

<u>Family Income</u>	<u>Number of children in the family</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
\$21,380 or less	\$238	\$476	\$714	\$952
22,000	207	445	683	921
25,000	57	295	533	771
28,000	0	145	383	621
30,000	0	45	283	521
32,000	0	0	183	421
35,000	0	0	33	271
40,000	0	0	0	21

As a result, a family whose real income is too high to qualify for the child tax credit may end up receiving a reduced benefit if (as is likely) the family manages to reduce its net income sufficiently by deducting contributions to RRSPs and other tax shelters. Similarly, a family may receive the maximum amount of child tax credit when - if such deductions were not allowed in arriving at the level of income used in administering the child tax credit - it would get only a reduced benefit.

The federal family allowances and child tax credit programs are the only income supplements available to all working poor families, and of course low-income childless couples and single persons are excluded. However working poor families who live in Saskatchewan, Quebec and Manitoba are more fortunate than the rest because they are eligible for special income supplements from their provincial governments.

Provincial income supplements

Saskatchewan's Family Income Plan was established in 1974 to help working poor families with children and to encourage families relying on social assistance to enter the work force. The program was designed to pay maximum benefits for children living in families whose net earnings are at or below minimum wage earnings from a full-time, year-round job. Like the federal child tax credit, diminishing payments go to families with incomes above the maximum limit, though benefits are reduced by 50¢ rather than 5¢ a dollar and disappear at a much lower level of family income than in the federal child tax credit. As a result, Saskatchewan's Family Income Plan is better targetted at low-income families than is the federal child tax credit.

The Family Income Plan currently pays a maximum of \$50 a month for each of the first three children and \$40 a month for the fourth and each subsequent child. Families whose after-tax income is at or below an amount equal to \$6,200 a year plus annual family allowance payments receive the maximum benefit, while Family Income Plan payments are reduced by 50¢ for every dollar of after-tax earnings above the limit for maximum benefits.

A family with one child receives \$600 a year if its net income in 1981 does not exceed \$6,488, and reduced benefits are available up to the point where net income reaches \$7,688. Maximum benefits for a family with two children are \$1,200 a year, and

lesser amounts are available for families whose net income ranges between \$6,776 and \$9,175. The Family Income Plan supplements the income of a family with three children by \$1,800 if its net income is \$7,063 or less; diminishing benefits are available up to a cut-off point of \$10,663.

One of the most important design features of the Family Income Plan is that all contacts between the plan and its beneficiaries take place through the mails. There is no need to go to a welfare office nor are there any visits from caseworkers. A low-income worker need only send in an application form giving the information required to establish entitlement, and if he or she is found eligible, monthly payments begin.

Saskatchewan's Family Income Plan is more generous than the federal child tax credit (the former pays \$600 per child each year as opposed to \$238 for the latter) and the Saskatchewan program restricts its benefits to families who are most in need. Unlike the federal child tax credit, however, the Family Income Plan is not automatically adjusted every year to offset the effect of inflation.

Since 1974, benefits have been increased only once (by 25% in 1979) which means that current maximum payments are actually worth 12% less than they were when the program was introduced.²⁷ The income limit for maximum benefits was intended to match net full-time earnings from the minimum wage. However the income limit has been raised only twice (in 1976 and 1979) and, at \$6,200, currently falls substantially below the \$8,160 that a full-time worker at the minimum wage will earn in 1981. Unfortunately this means that many families who would have qualified for Family Income Plan benefits in 1974 are not eligible today, even though their real income (after discounting for inflation) is the same.

Despite the indexing problem, Family Income Plan benefits provide an important boost to the income of working poor families. In 1980 families with one minimum wage earner and one child received \$296 from the Family Income Plan; those with two children got \$896; those with three children were eligible for \$1,496. The following table compares the poverty gap for families of different sizes and types before and after they receive Family Income Plan benefits.

TABLE 65

Poverty Gap With and Without Family Income Plan Benefits
for Regina Families With One Earner,
Working at the Minimum Wage, 1980

	Poverty gap without Family Income Plan	Poverty gap with Family Income Plan
Single parent, 1 child	+\$ 180	+\$ 476
Single parent, 2 children	- 1,523	- 627
Single parent, 3 children	- 2,949	- 1,453
Couple, 1 child	- 2,002	- 1,706
Couple 2 children	- 3,429	- 2,533
Couple, 3 children	- 4,358	- 2,862

Only single-parent families with a full-time minimum-wage earner and one child were above the poverty line even without Family Income Plan payments, but the latter raised them higher. All other single-parent and two-parent families with children fell below the poverty line if they depended on the earnings of one minimum wage worker. However their Family Income Plan benefits narrowed the poverty gap considerably.

In 1979 Quebec launched the Work Income Supplement plan for working poor families with children. The following year this income supplementation scheme was extended to low-income childless couples as well as single persons aged 30 and older.

Quebec's Work Income Supplement is designed to 'harmonize' with the other elements of its income security system (social assistance, the minimum wage, and federal and provincial family allowances) in such a way that families and single persons are financially better off working than on welfare.²⁸ Those whose earnings from work are less than or the same as what they would get from social assistance can apply for an income supplement equal to 25 percent of their earnings. Maximum benefits go to households earning exactly at the social assistance level for families of their size and type. If a family or single person earns above the social assistance level, the maximum benefit is reduced at a rate of \$1 for every \$3 of earnings above the social assistance level.

The following table shows in dollar terms how the Work Income Supplement plan operates. The first column gives the earnings level at which maximum income supplements are received (the 'social assistance level'), the second column the maximum amount of the supplement, and the third column the earnings cutoff point.

TABLE 66

Quebec Work Income Supplement Plan, 1980

	<u>Social assistance level</u>	<u>Maximum Benefit</u>	<u>Earnings Cut-off</u>
Single person	\$ 3,300	\$ 828	\$ 5,790
Childless couple	5,260	1,317	9,210
Family with 1 child	5,690	1,425	9,970
Family with 2 children	6,040	1,512	10,580
Family with 3 or more children	6,140	1,536	10,750

A single person aged 30 or older can receive up to \$828 from the Work Income Supplement program; diminishing benefits are available if his or her earnings exceed \$3,300 (the \$828 maximum is reduced by \$1 for every \$3 above \$3,300), but after earnings reach \$5,790 eligibility for the supplement ceases. Families with three or more children can receive a maximum \$1,536 from the Work Income Supplement program and lesser benefits are available until their earnings reach \$10,750.

Families and individuals whose employment earnings are below what they would receive from social assistance get a smaller work income supplement than those earning at the welfare level. However Quebec's 'harmonized' income security system takes this into account: such households are eligible for a top-up from social assistance to bring them up to what they would receive if they were on welfare rather than working. The introduction of the Work Income Supplement means that their total income is greater than what they previously got from work plus the welfare top-up.

No matter how much they earn, low-income households are better off working than on welfare thanks to the introduction of the Work Income Supplement plan. Take the case of a working poor family with two children. If its work earnings in 1979 were \$5,000 and it had no other income (except for family allowances and the refundable child tax credit), the family was eligible for a 1980 Work Income Supplement of \$1,250; adding in \$1,040 in social assistance top-up and \$1,009 worth of federal and provincial family allowances and the child tax credit, total income came to approximately \$8,300, or some \$1,250 more than what it would get if it relied on welfare rather than work.

If its earnings were \$6,040, the family received the maximum Work Income Supplement of \$1,512 and total income amounted to \$8,560. Above the \$6,040 level, the income supplement was reduced at a 33 1/3% rate, so that with \$7,200 in earnings (the

income from work for a Quebec minimum wage worker employed full-time, year-round in 1979) the family received a supplement of \$1,129 and a total income of \$9,340. At \$10,000 in earnings a family with two children still was eligible for a supplement of \$205, bringing total income to \$11,214. Once earnings reached \$10,580 the family no longer qualified for a Work Income Supplement, but of course its total income from work and federal and provincial family benefits (\$12,009) was greater than that of a family with lesser earnings that was eligible for a supplement. The following table summarizes the preceding examples.

TABLE 67

Work Income Supplement for Families with Two Children,
by Earnings Level, 1980

<u>Family Earnings</u>	<u>Top-up</u>	<u>Work Income Supplement</u>	<u>Total Income*</u>
\$ 5,000	\$1,040	\$ 1,250	\$ 7,949
6,040	0	1,512	8,561
7,200	0	1,129	9,338
8,000	0	865	9,874
9,000	0	535	10,544
10,000	0	205	11,214
11,000	0	0	12,009

* Includes \$1,009 in federal and provincial family allowances and child tax credit.

Like the Saskatchewan Family Income Plan, Quebec's Work Income Supplement involves little red tape for applicants and no stigma for recipients. Once a year (no later than April 30) an applicant must fill in a special form provided by the Quebec Department of Revenue and send it in along with a completed provincial income tax return (whether or not the family has taxable income).

The applicant's previous year's earnings are used in determining eligibility for the plan and the amount of benefits. Supplement cheques are mailed out four times a year (August 15, September 15, December 15 and March 15), and each payment is the lesser of \$400 or the balance of benefits due (if the next instalment is less than \$100, that amount is added to the present payment).

Quebec's income supplementation program directs most of its benefits to the working poor. Its designers estimate that 80% of Work Income Supplement benefits go to households below the poverty line. Unlike Saskatchewan's Family Income Plan, Quebec's earnings supplement adjusts for increases in the cost of living; its maximum benefits go to those earning at the social assistance level which, in turn, is automatically indexed each year.

The following table shows how much the Work Income Supplement reduces the poverty gap for families relying on the earnings of one earner working full-time, year-round at the minimum wage (federal and provincial family allowances and the child tax credit are included in the calculations). The work income supplement lifts a Montreal single parent with one child over the poverty line and substantially reduces (though does not abolish) the poverty gap for other families.

TABLE 68

Poverty Gap With and Without Work Income Supplement Benefits for Montreal Families with One Earner, Working at the Minimum Wage, 1980

	<u>Poverty gap without Work Income Supplement</u>	<u>Poverty gap with Work Income Supplement</u>
Single parent, 1 child	-\$ 485	+\$ 450
Single parent, 2 children	- 2,255	- 1,117
Single parent, 3 children	- 3,398	- 2,204
Childless couple	- 937	- 254
Couple, 1 child	- 2,812	- 1,877
Couple, 2 children	- 4,294	- 3,156
Couple, 3 children	- 4,907	- 3,713

There is one aspect of the Work Income Supplement that weakens its support for the working poor.²⁹ With a few exceptions (federal and provincial family allowances, tax credits and rebates, childrens' earnings and payments for foster parents), all non-earned income is deducted dollar for dollar from the work income supplement. This includes benefits from earnings-replacement programs such as unemployment insurance, workers' compensation and accident insurance, as well as public pension payments, income security benefits for the aged and income from dividends and capital gains.

The requirement that unemployment insurance benefits be deducted from work income supplements penalizes the many working poor families who are unemployed for part of the year. A family with two children that has an income comprised of \$6,000 in work earnings and \$800 from unemployment insurance would receive a welcome \$1,503 if employment earnings only were used in calculating the amount of its supplement. However unemployment insurance payments are deducted dollar-for-dollar from the income supplement, so in fact the family gets only \$703 from the Work Income Supplement program.

The newest income supplementation scheme for low-income families is Manitoba's Child Related Income Support Program ('CRISP' for short). The program began in January 1981 and is available to both working poor and social assistance families with children under the age of 18.

CRISP pays a maximum benefit of \$30 a month per child to families whose 1979 income was \$7,500 or less. Since a deduction of \$500 per child is allowed in calculating family income, then for a family with one child the actual income limit for maximum benefits is \$8,000; the ceiling for maximum benefits is \$8,500 for a family with two children, \$9,000 for three, and \$9,500 for four children. Benefits are reduced by 25¢ for every dollar of income

over \$8,000. The following table shows how the program works for families of various sizes and incomes.

TABLE 69

CRISP Benefits for Families of
Different Size and Income, 1981

<u>Family Income</u>	<u>Number of Children</u>			
	1	2	3	4
\$ 8,000 or less	\$360	\$720	\$1,080	\$1,440
8,500	235	720	1,080	1,440
9,000	110	595	1,080	1,440
10,000	0	345	830	1,315
11,000	0	95	580	1,065
12,000	0	0	330	815
13,000	0	0	80	565
14,000	0	0	0	315
15,000	0	0	0	65

A family with two children, for example, receives the maximum CRISP benefit of \$720 in 1981 so long as its total income in 1979 was \$8,500 or less. A two-child family with a 1979 income of \$9,000 will receive \$595 in CRISP benefits (\$720 minus 25% of the difference between \$9,000 and \$8,500). Once family income reaches \$11,380, a family with two children is no longer eligible for CRISP benefits.

Like the Quebec and Saskatchewan income supplement programs, CRISP applications and payments are handled anonymously through the mails and involve none of the stigma and surveillance of social assistance. Payments are made on a monthly basis.

Provincial income supplements: shelter relief and other tax credits

Besides the full-fledged income supplementation programs just described, several provinces offer various forms of income assistance to relieve the burden of shelter costs, increases in the cost of living or sales taxes. Though most of these measures are not designed specifically for low-income households, they do supplement the incomes of the working poor. Because our definition of working poor excludes family heads aged 65 or more, the following discussion does not treat tax credits for the elderly.

Manitoba has the most complicated system of tax credits and income supplements of all the provinces. It is also the most generous.

The property tax credit pays 20% of annual rent or property taxes, or \$475 minus 1% of net family income, whichever is smaller. The minimum property tax credit paid is \$325 a year and the maximum available is \$475. Because low-income renter families with children are eligible for another shelter relief scheme (described below), as far as the working poor are concerned it is mainly homeowners, single persons and childless couples that stand to benefit from the property tax credit.

To show how the property tax credit works, consider the example of a single person working full-time, all-year at the Manitoba minimum wage in 1980. Total earnings amounted to \$6,552; after deducting 3% of total earnings for employment expenses, as well as the amounts paid in Canada Pension Plan contributions and Unemployment Insurance premiums, we arrive at net earnings of \$6,172. Assuming that 1980 rent was \$200 a month, then his or her total shelter costs were \$2,400. Twenty percent of \$2,400 is \$480; \$475 minus 1% of net family income is \$413. The low-wage earner in question receives the lesser of these two amounts - \$413.

Starting in 1981, low-income families with children are eligible for a special shelter allowance scheme that, along with the CRISP income supplement discussed earlier, provides a substantial boost to their income. SAFFR (Shelter Allowances for Family Renters) will pay up to 90% of the amount of rent that exceeds 25% of a family's income. Maximum rent levels take into account family size and prevailing rents. The most that SAFFR will pay is \$140 a month or \$1,680 a year.

Take the case of a single parent working at the minimum wage, supporting a child and paying \$240 a month in rent. Family income (which includes CRISP benefits, family allowances and the child tax credit) comes to \$6,618. Rent payments add up to \$2,880. The amount of SAFFR benefit available is calculated as 90% of the difference between total rent and one-quarter of family income; 90% of \$2,880 minus \$1,655 equals \$1,102. SAFFR payments are made monthly, so the single-parent family in our example is eligible for \$92 a month to help pay the rent.

Manitoba residents are also eligible for a cost of living tax credit equal to 3% of total personal income tax exemptions less 1% of net family income. The cost of living tax credits available in 1981 for families supported by a minimum-wage earner work out to the following amounts: \$26 for a single person; \$98 for a single parent with one child; \$122 for a single parent and two children; \$135 for one adult and three children; \$101 for a childless couple; \$114 for a couple with one child; \$128 for a couple and two children; and \$142 for a couple and three children.

To give a summary view of Manitoba's various tax credits and income supplements, the following table lists benefits available to families of different sizes but all living on the earnings of one minimum wage worker. Monthly rents are assumed to be \$240 for families with one child, \$265 for those with two children, and \$280 for families with three children.

TABLE 70

Provincial Tax Credits and Income Supplements
Available to Manitoba Families with One Earner,
Working at the Minimum Wage, 1981

	<u>CRISP</u>	<u>SAFFR</u>	<u>Cost-of-living tax credit</u>	<u>Total</u>
Single parent, 1 child	\$ 360	\$1,102	\$ 98	\$1,560
Single parent, 2 children	720	1,203	122	2,045
Single parent, 3 children	1,080	1,196	135	2,411
Couple, 1 child	360	1,102	114	1,576
Couple 2 children	720	1,203	128	2,051
Couple 3 children	1,080	1,196	142	2,418

The first column lists benefits from the Child Related Income Support Program, the second column annual SAFFR benefits, and the third column the amount of cost of living tax credit. As the final summary column shows, Manitoba offers substantial income supplements to its low-income families with children. Table 71 indicates the impact of those supplements on the poverty gap for families of different size in Winnipeg.

TABLE 71

Poverty Gap With and Without Provincial Income Supplements
for Winnipeg Families with one Earner,
Working at the Minimum Wage, 1981

	<u>Poverty gap without income supplements</u>	<u>Poverty gap with income supplements</u>
Single parent, 1 child	-\$2,344	-\$ 784
Single parent, 2 children	- 4,418	- 2,373
Single parent, 3 children	- 6,170	- 3,759
Couple, 1 child	- 4,943	- 3,367
Couple, 2 children	- 6,696	- 4,645
Couple, 3 children	- 7,855	- 5,737

It should be noted that the minimum wage used in calculating the number of dollars families fall below the poverty line is \$3.15 an hour, the applicable rate at the time of writing. Since this rate has been in effect since January 1, 1980, the provincial government may well raise the rate sometime in 1981, in which case the poverty gaps listed will be less severe. The important point to notice, however, is the significant reduction in the poverty gap made by the package of Manitoba income supplements.

Ontario also offers tax credits that can help the working poor. The property tax credit is calculated according to the following formula. "Occupancy Cost" is 20% of 1980 rent or, for homeowners, the amount of property taxes paid in 1980. The amount of property tax credit equals \$180 or occupancy cost (whichever is less) plus 10% of occupancy cost. The sales tax credit amounts to 1% of total personal income tax exemptions. For those with taxable income over \$1,820, the combined property tax credit and sales tax credit is reduced by 2% of taxable income. An Ontario low-income couple with two children and a 1980 rent of \$300 a month is eligible for \$252 in property tax credit and \$65 in sales tax credit, for a total of \$317 in tax-delivered income supplements.

The three western-most provinces each provide tax-delivered shelter allowances that offer modest income supplements for the working poor. Saskatchewan gives a renters' tax rebate of 5% of annual rent up to a maximum annual rebate of \$115. Alberta's rental assistance credit is calculated as \$80 plus 5% of annual rent less 1% of taxable income; the minimum annual credit is \$50 and the maximum is \$250. British Columbia offers a renters' tax credit which is the lesser of 10% of annual rent or \$150 minus 1.5% of taxable income, so the maximum annual payment is \$150. Quebec offers a real estate tax refund to owners and renters, calculated as 40% of real estate tax paid (to a maximum of \$1,000) less 2% of 'basic income' (total income minus a personal exemption of \$4,150 for singles and \$7,190 for couples).³⁰

SUMMARY

The Working Poor

Our study described the basic social, demographic and labor market characteristics of Canada's working poor. Among the major findings:

- At last count there were 425,800 working poor families and single persons in Canada. They made up 6% of all the young family units (those headed by a person under 65) and 47% of the young family units in poverty. Over a million men, women and children live in working poor households.
- The working poor are found everywhere in Canada. Although they form a disproportionately high percentage of the population in the Prairies and (to a less marked extent) in Atlantic Canada, their numbers are substantial in every province. In terms of absolute numbers, 57% live in Quebec and Ontario.
- Canada is split in two in terms of the composition of its poverty population. In the East - Ontario, Quebec and the Atlantic provinces - the working poor make up less than half the low-income population while 'other poor' families and unattached individuals - those who rely mainly on non-employment sources of income such as social assistance, unemployment insurance and other government transfer payments - predominate. In the Prairie provinces and British Columbia, on the other hand, the working poor outnumber other poor households; two-thirds of Alberta's poor families are working poor.
- The working poor are highly urbanized. Seven in every ten live in urban centers and 56% are found in large cities of 100,000 or more inhabitants.
- Among all the working poor, single persons are overrepresented in comparison with their proportion in the general population. One in every eight unattached individuals is working poor and single persons comprise close to half of all working poor households. However when we look only at working poor family units headed by someone 25 or older, families with children predominate (59%) followed by single persons (31%) and other families (10%).

- In 1977 there were 7 million children in Canada. Over 901,000 of them - 13% - were poor; 389,400 lived in working poor families and 512,200 in other poor families. The risk of poverty is higher for younger children than for teenagers. Poor families are, on average, larger than non-poor families, though the difference (the average works out to 2.3 children in poor families and 2.0 for non-poor families) is not large. Only 17% of poor families have four or more children.
- Age of the family head is a very important factor in understanding the working poor. Thirty-five percent of working poor family heads are under 25 years of age (the figure for the non-poor is only 11%) and most of these are single persons. Their income problem is apt to be less serious than that faced by the older working poor - especially those with families to support. Many young working poor Canadians can look forward to higher incomes when they finish their education and/or gain work experience and move up into better-paying jobs.
- Though the other poor tend to have less formal schooling, the working poor as a group closely resemble the non-poor in level of education. Over 60% finished high school or enjoyed some postsecondary education, only slightly below the 63% figure for the non-poor. Age, again, is a significant factor. The younger working poor have a much higher level of education than the older, and educational attainment declines sharply as age increases. Older working poor family heads are less well educated than non-poor persons in their age group.
- Women run a greater risk of poverty than men. Three in every ten single women are poor (15% are working poor, 16% other poor); among unattached men, only two in every ten are poor (11% are working poor, 10% are other poor). The differences are even more pronounced for family heads with children. Forty-six percent of female single parents are poor; over one in every three is other poor and one in every ten is working poor. Women raising a family on their own are more than six times more likely to live in poverty than men in single or two-parent families.
- The working poor are largely confined to a marginal labor market characterized by low pay, limited opportunities for advancement and often unstable jobs and enterprises. Over half of working poor family heads work in service, sales, farming, fishing or clerical jobs. Women heading working poor families tend to have service and clerical jobs.

- Few of the working poor receive income from social assistance. One in five report income from unemployment insurance, but this is below the one in four rate for non-poor family heads.
- Only 32% of working poor households have two or more earners compared to 69% of non-poor families.
- The working poor have a less stable and secure attachment to the labor force than the non-poor. Only 40% of working poor family heads are employed for the full year in comparison with 80% of non-poor heads. The working poor are more likely than the non-poor to work mostly part-time, and face a higher risk of unemployment.
- Both the working poor and other poor are more likely to rent than own their accommodation. However region and age influence the results. A higher proportion of the working poor in Atlantic Canada own their homes (41%) than in the other regions (around one in three). Older working poor family heads are more likely to own than the younger working poor, and the ownership gap between working poor and non-poor family heads narrows with increasing age.

Poverty Trends

By analyzing three sets of data (for 1973, 1975 and 1977), we were able to note changes in the size and composition of Canada's lower-income population. The following are the major trends:

- The working poor have declined steadily over the years both in absolute and relative terms. In 1973 there were 513,400 working poor households, representing 9% of all young family units. By 1977 there were 425,800 working poor families and single parents, constituting 6% of all young family units in Canada. Whereas in 1973 the working poor made up 60% of all poor family units, by 1977 that figure dropped to 47%.
- However the number of other poor families - those unable to earn more than half their income by working - increased from 340,900 and 5.9% of young family units in 1973 to 484,500 and 7.2% of households in 1977. The other poor are now the predominant group among the poverty population.
- The number and percentage of 'near-poor' family units - those with incomes above Statistics Canada's low-income

cutoffs but below the Senate Committee on Poverty's poverty line - have increased over time and at a faster rate than the poor. By 1977 there were 353,600 near-poor family units, representing 5% of all families headed by someone under 65. Their numbers jumped by 42% in four years.

- Canada's total lower-income population - i.e. poor and near-poor together - has grown steadily. In 1973 there were over 1.1 million lower-income families and single persons, and by 1977 that figure exceeded 1.2 million. One in every five young family units were poor or near-poor between 1973 and 1977.
- The number of working poor families declined in every province except British Columbia, where they increased from 41,400 in 1973 to 50,500 in 1977. Other poor family units increased everywhere except Alberta, where their numbers declined slightly.
- In every province except Quebec and Newfoundland, the total number of poor and near-poor family units increased, and lower-income families remain a substantial group in every province. Newfoundland has the highest concentration of lower-income households, (26% of all young family units) while Ontario, Alberta and British Columbia have the lowest (17%).
- The concentration of working poor families in small towns and rural areas has declined considerably. The working poor are now the most highly urbanized of all income groups, with 69% living in larger cities as opposed to 67% of the non-poor and 66% of the other poor.
- In 1973 families with children were the largest group within the working poor, with single persons in second place. By 1977 49% of working poor family units were unattached individuals, while 42% were families with children.
- The percentage of poor children went down from 16% of all children in 1973 to 13% in 1975, but there was no change from 1975 to 1977. More children (512,200) now live in other poor families than in working poor families (389,400 children).
- The traditional stereotype of poor families - that they are substantially larger than average - is increasingly invalid. The average size of poor families has declined steadily so that - at an average of 2.3 children per family at last count - they are only modestly larger than non-poor families (which average 2.0 children).

Poor families are significantly less likely to have four or more children than in the past.

- The educational gap between the poor and the rest of society has narrowed considerably in recent years. The working poor have improved their educational position faster than the other poor and non-poor. The proportion of working poor family heads with high school diplomas or post-secondary education increased 70% from 36% in 1973 to 61% in 1977.
- No progress was made in reducing the risk of poverty for single women, 3 in every 10 of whom are poor. Women living alone still face a 50% greater likelihood of poverty than single men. The threat of poverty for female single parents decreased somewhat (from 49% in 1973 to 46% in 1977) but remains remarkably high. The risk of poverty for families headed by men was low in 1973 (10%) and lower still in 1977 (7%), so the poverty gap between male and female-headed families with children actually increased over the years: female single parents living below the poverty line outnumber poor male family heads by more than 6 to 1.
- Families in all income groups have increased their use of unemployment insurance in recent years, but non-poor families remain the largest users.
- The average earnings and incomes of working poor families failed to keep pace with increases in the cost of living and lagged further and further behind the earnings and incomes of non-poor family units.
- The risk of unemployment increased for the working poor. The proportion employed year-round decreased from 46% in 1973 to 40% in 1977.

Though we lack the kind of information needed to explain fully the decline in working poor households and increase in other poor and near-poor young family units, three factors likely played a role:

- Rising unemployment cut into the earnings of working poor families and probably shifted some into the other poor income group, since more of their income came from unemployment insurance and other government transfers than from employment. In a similar fashion some families with unemployed breadwinners may have moved from the non-poor to the near-poor or other poor groups.

- The rapid growth in single-parent families (the large majority headed by women) increased the pressure on welfare caseloads and so helped account for the substantial increase in other poor households. More than one in every three single mothers fell in the other poor category. Younger single mothers - the fastest growing age group among one-parent families - are particularly susceptible to poverty.
- The increasing number of families with two or more earners helps account for poor families' declining share of the total population (from 15% in 1973 to 13% in 1977). However families with more than one earner are not immune to poverty: 3 in every 10 working poor families have more than one earner. Again, unemployment can cut into family income even if both spouses work.
- Among government transfer payments, only family allowances rose substantially in value between 1973 and 1977. Though the monthly family allowance payment was worth two and a half times more in 1977 than in 1973, this increase alone could not have shifted many families out of poverty. However the advent of the federal child tax credit and provincial income supplements will help some families move above the poverty line.

Programs for the Working Poor

The minimum wage is a limited weapon in the fight against poverty. We discovered that:

- Minimum wage rates throughout Canada are sufficient to lift a single person above the poverty line. However even a limited bout of unemployment will send a single person earning the minimum wage into the working poor.
- Minimum wages are not adequate to support a family. No childless couple or one or two-parent family depending on the earnings of a full-time minimum wage worker can escape poverty, with the exception of single-parent families with one child in Quebec and Saskatchewan (and there only because of provincial income supplementation programs which bolster employment earnings). The larger the family, the larger the poverty gap.
- Relatively modest increases in minimum wage rates would lift single-parent families with one child above the poverty line even without additional income supplements.

- Single persons and, in most provinces, childless couples are financially better off working at the minimum wage than receiving welfare. In half the provinces single-parent families with one child are slightly ahead from minimum wage work than welfare. However except in Quebec (whose Work Income Supplement plan puts working families ahead of those on social assistance) all other single-parent and two-parent families are worse off with one earner working at the minimum wage than they would be on welfare.
- Between 1965 and 1980 provincial minimum wages increased faster than the cost of living, though the minimum wage rate for federal employment decreased in value by 11%. However since 1975 minimum wages have lost ground to inflation.
- In the federal jurisdiction and in six provinces, minimum wage earnings declined as a percentage of average earnings between 1965 and 1980; only in Newfoundland, Quebec, Manitoba and Saskatchewan did the ratio between minimum wage earnings and average earnings increase. In only one province (Prince Edward Island) can a minimum wage worker earn even half the average employee's wages.

Far more effective in combatting working poverty are income supplementation programs. Unfortunately these schemes are few and far between:

- Every working poor family with children receives federal family allowance payments and is eligible for the refundable child tax credit. Together these two programs add \$526 per child to the income of poor and moderate-income families in 1981.
- Only Quebec, Manitoba and Saskatchewan offer major income supplementation programs that help the working poor. However the Manitoba and Saskatchewan plans help only low-income families with children, whereas Quebec's Work Income Supplement also³¹ is available to childless couples and single persons. Manitoba provides the most complex and generous system of income supplements for families with children. These schemes cannot abolish poverty outright, but they lift some families above the poverty line and substantially reduce the poverty gap for the working poor.

The National Council of Welfare already has proposed a number of reforms to help the working poor. Our reports Jobs and Poverty and Working Together urged government support for community economic development initiatives, improved direct job creation programs, and the extension and more rigorous enforcement of labor standards laws. In addition to such improvements in employment policies, for years the Council has advocated income supplementation for the working poor. Two reforms in particular could improve the incomes of the hundreds of thousands of families and single persons who work yet remain poor.

The tax exemption for dependent children cost the federal government \$655 million last year in foregone tax revenues. Unlike family allowances and the child tax credit, the children's tax exemption is completely regressive: it provides no benefits at all to those most in need and gives its largest income supplement to the highest-income families in the form of tax savings. The tax exemption for dependent children should be eliminated and the resulting revenues used to increase the child tax credit which most benefits low and moderate-income families.

Following the lead of Quebec, Saskatchewan and Manitoba, the other provinces should establish income supplementation programs for the working poor. As in Quebec, childless couples and single persons as well as families with children should be eligible for income supplements. The provinces could use their share of the tax revenues resulting from the abolition of the tax exemption for dependent children to help finance income supplementation programs for the working poor.

FOOTNOTES

1. Special Senate Committee on Poverty. Poverty in Canada (Ottawa: Information Canada, 1971), page 23.
2. Naturally there were some new family units in 1978 which had not existed in 1977, the year to which the income data applies. These families appear in the Survey as having no income for 1977, and hence are counted as below the low-income cutoff. To prevent a distortion of the data, we have excluded all units with no income from our analysis. The same holds true for data from the 1974 and 1976 Surveys.
3. This term is used by statisticians to mean any group of individuals sharing a common dwelling unit and related by blood, marriage or adoption.
4. We use Statistics Canada's low-income cutoff as a poverty line. The revised low-income cutoff takes both size of area of residence and number of persons in the family into account.
5. The reader should keep in mind that in this and subsequent tables "family" and "family unit" mean young family unit (i.e., having no person aged 65 or over). In the first two chapters the data is for 1977, while in subsequent chapters figures are identified by year.
6. By 'children' we refer to dependents under the age of 18.
7. See Table 6. Since family allowances are only paid for children aged under 18, the higher percentage of families with children in Table 6, compared with families receiving family allowances in Table 19, reflects units all of whose children are 18 or older.
8. The Senate Committee on Poverty's poverty lines are calculated using a rather complex formula. We followed the Canadian Council on Social Development's approach which sets the Senate Committee poverty lines at 56% of average family income, with adjustments for family size. See Donald M. Caskie, Canadian Fact Book on Poverty, 1979 (Ottawa: Canadian Council on Social Development, 1979), page 5.
9. Interprovincial Task Force on Social Security. The Income Security System in Canada (Ottawa: Canadian Intergovernmental Conference Secretariat, 1980), page 91.
10. The Income Security System in Canada, page 95.

11. The Income Security System in Canada, page 95.
12. Figures for 1970 are from Marc Lalonde, Working Paper on Social Security in Canada (Ottawa: Government of Canada, 1973), page 51.
13. Statistics Canada. Perspectives Canada III (Ottawa: Printing and Publishing, Supply and Services Canada, 1980), page 32.
14. National Council of Welfare. Women and Poverty (Ottawa: October 1979), page 11.
15. Perspectives Canada III, page 32.
16. Perspectives Canada III, page 33.
17. Statistics Canada. Single Parent Families in Canada, 1977 (Ottawa: Minister of Supply and Services Canada, 1979), page 9.
18. Single Parent Families in Canada, 1977, page 9.
19. Economic Council of Canada. People and Jobs (Ottawa: Information Canada, 1976), page 119.
20. People and Jobs, page 119.
21. Data in this and the next two paragraphs taken from income quintile tables in various annual issues of Statistics Canada, Income Distributions by Size (Ottawa: Minister of Supply and Services Canada).
22. Statistics Canada. Social Security: National Programs, 1978 (Ottawa: Supply and Services Canada, 1978), page 246.
23. In most provinces the effective date for young workers and students' minimum rate is the same as for adult workers. The exceptions are Manitoba, where the student rate last was changed on September 1, 1976, and Ontario, where the student rate listed has been in effect since March 15, 1976.

At the time of writing the following increases in minimum rates had been announced for the near future: federal (\$3.50 for adults and \$3.25 for students, effective May 1, 1981); Saskatchewan (\$4.00 on July 1, 1981); Ontario (\$3.30 for adults on March 31, 1981 and \$3.50 on October 1, 1981; \$2.45 for students on March 31, 1981 and \$2.65 as of October 1, 1981); Prince Edward Island (\$3.30 on July 1, 1981 for adults, \$2.80 for students); Newfoundland (\$3.45 on March 31, 1981); the Yukon (\$3.60 on May 1, 1981); Manitoba (\$3.35 for adults and \$2.90 for young workers on March 1, 1981; \$3.55 for adults and \$3.10 for young workers on September 1, 1981).

24. The following assumptions were made in calculating the tables: each family is supported by a single, non-aged earner working 52 weeks a year and 40 hours per week at the provincial minimum wage rate for experienced adult workers; incomes for families with children include family allowances (including provincial family allowances in Quebec) at the 1980 rate and child tax credits received in 1980 (i.e. for the 1979 tax year); the first child is aged 12 to 15, the second 7 to 11 and the third under 7; single-parent families with two or three children are assumed to pay \$800 in child care expenses in 1979; 1979 rents were \$200 for single persons, \$225 for 2-person families, \$250 for 3-person families, \$275 for 4-person families, and \$300 for 5-person families; incomes include British Columbia's Renters' Tax Credit, Alberta's Rental Assistance Credit, Saskatchewan's Renters Property Tax Rebate, Manitoba's cost of living and property tax credits and Ontario's property tax and sales tax credits received in 1980. Incomes also include Quebec's Work Income Supplement benefits and Saskatchewan's Family Income Plan benefits.
25. Aykroyd, Colin. A Survey of Recent Canadian Minimum Wage Research (Victoria: Research and Planning Branch, Ministry of Labour, Province of British Columbia, 1976), page 5.
26. Gross minimum wage income is discounted by 10% for couples and single persons and (assuming child-care expenses) 20% for single parents. Social assistance incomes computed by National Council of Welfare.
27. When going to print we learned that the recent provincial budget announced an increase in Family Income Plan rates for the summer of 1981. Other than an increase from \$50 to \$70 per month for each of the first three children, no other information was available at the time of writing.
28. Fugère, Denis. "Le supplément au revenu de travail intégré à la sécurité du revenu", Carrefour des Affaires sociales Volume 2, Numéro 4 (septembre 1980), page 22. See also Le ministre d'État au Développement social, Les diverses hypothèses d'implantation d'une première étape de revenu minimum garanti (Québec: Éditeur officiel du Québec, 1979).
29. Tamagno, Edward. "The Quebec Income Supplementation Plan", Canadian Taxation Volume 1, Number 2 (Summer 1979), pages 65 and 66.
30. Real estate taxes are divided among a building's renters in computing eligible benefits.
31. Single persons 30 years and older.

Note: Computer runs were performed by the Analytical Services Division, Policy Planning and Information Branch, Health and Welfare Canada.

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The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council includes past and present welfare recipients, public housing tenants and other low-income citizens, as well as lawyers, professors, social workers and others involved in voluntary service associations, private welfare agencies, and social work education.

Reports by the National Council of Welfare have dealt with income security, taxation, the working poor, children in poverty, single-parent families, social employment, social services, community organization, nutrition, legal aid/legal services, low-income consumers, poor people's groups and poverty coverage in the press.

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